

EXHIBIT 7

PART 1

<p style="text-align: center;">UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY CAMDEN VICINAGE CIVIL ACTION NO. 02-2917 (JEI)</p> <p>PATRICK BRADY, et al., Plaintiffs,</p> <p>vs.</p> <p>AIR LINE PILOTS ASSOCIATION, INTERNATIONAL, Defendant.</p> <p style="text-align: center;">January 30, 2013</p> <p>Oral sworn continued videotaped deposition of RIKK SALAMAT, Case Lab, Inc., 288 Clinton Street, Toronto, Ontario, was taken at the law office of Archer & Greiner, 1650 Market Street, Philadelphia, Pennsylvania, before Jean B. Delaney, Certified Shorthand Reporter and Notary Public of the State of New Jersey, on the above date, commencing at 9:30 a.m., there being present:</p> <p>GREEN JACOBSON, P.C. BY: JOSEPH JACOBSON, ESQUIRE 7333 Forsyth Boulevard St. Louis, Missouri 63105 (314) 862-6800 Attorneys for Plaintiff</p> <p>TRUJILLO, RODRIGUEZ & RICHARDS, LLC BY: LISA RODRIGUEZ, ESQUIRE 258 Kings Highway East Haddonfield, New Jersey 08033 (856) 795-9002 Attorneys for Plaintiff</p>	<p style="text-align: center;">I N D E X</p> <p>Witness Page</p> <p>RIKK SALAMAT 4</p> <p>By Mr. Toal</p> <p style="text-align: center;">E X H I B I T S</p> <p>Marked for I.D. Page</p> <p>Salamat-11 Portion of deposition transcript of Clay Warner 20</p> <p>Salamat-12 Excerpt from the ALPA administrative policies 38</p> <p>Salamat-13 Supplement CC 178</p> <p>Salamat-14 Deposition transcript of John Darrah 188</p> <p>Salamat-15 Arbitration decision of George Nicolau 231</p>
<p>PAUL, WEISS, RIFKIND, WHARTON & GARRISON, LLP BY: DANIEL J. TOAL, ESQUIRE JULIE ROMM, ESQUIRE 1285 Avenue of the Americas New York, New York 10019 (212) 373-3869 Attorneys for Defendant, ALPA</p> <p>KATZ & RANZMAN, PC BY: DANIEL M. KATZ, ESQUIRE 4530 Wisconsin Avenue N.W., Suite 250 Washington, D.C. 20016 (202) 659-4656 Attorneys for Defendant, ALPA</p> <p>Also present: James Bateman, CLVS Ricardo Cossa, Navigant Economics</p>	<p>VIDEO SPECIALIST: The time is now 9:30 and we are back on the record. Would the court reporter please swear in the witness.</p> <p>RIKK SALAMAT, having been duly sworn, was examined and testified as follows:</p> <p>BY MR. TOAL:</p> <p>Q Good morning, Mr. Salamat.</p> <p>A Good morning.</p> <p>Q Do you have your report in front of you?</p> <p>A No, I don't. Okay.</p> <p>Q So if you go back to figure one on page two of your report --</p> <p>A Yes.</p> <p>Q -- the -- the third action that you list that you say ALPA had available to it is something you describe as denied July 2001 legal strategy. Sue American and APA.</p> <p>Do you see that?</p> <p>A I do.</p> <p>Q What's your understanding of what that legal strategy was?</p> <p>A My understanding was that that was a strategy to bring a suit to compel American and APA to have a fair integration process.</p>

1 (Pages 1 to 4)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p>5</p> <p>1 Q And what cause of action did that suit 2 involve? 3 A I -- I -- I couldn't say. 4 Q Do you have any understanding of the 5 likelihood of success of such a suit? 6 A No, I don't. 7 Q Do you have any better understanding 8 today of what was involved in the April 2001 legal 9 strategy? 10 A No, I don't. 11 Q You don't have a better understanding 12 than you did yesterday? 13 A No, I don't. 14 Q Do you know how the July 2001 legal 15 strategy relates to the April 2001 legal strategy? 16 A As I recall, the -- the July legal 17 strategy was to compel some fair integration 18 process. Beyond that, I -- I don't know that I can 19 recall any other specifics about how that was going 20 to be done, what court it would have been brought 21 in. 22 Q Do you know whether it would have been 23 possible to pursue both the April 2001 and the 24 July 2001 legal strategies? 25 A Well, I don't know whether they would</p>	<p>7</p> <p>1 between parties concerning seniority integration? 2 A There may have been one. If you would 3 bear with me while I go through the report. 4 Q Sure. 5 A Well, sadly, I didn't make a note in 6 here. But I believe in Continental/People's 7 Express, there was a second integration process 8 after a first one resulting from a suit. How 9 similar that suit was to this July strategy, I -- I 10 wouldn't know off the top of my head. So I'm going 11 to answer your question saying, no, I'm not aware of 12 one. 13 Q Now, what's the basis for your 14 knowledge about the 2001 legal strategy? 15 A The closing arguments. The testimony 16 of Mike Day. 17 Q And anything beyond that? 18 A No. 19 Q Do you know anything about the APA's 20 perception about how threatening such a suit would 21 have been to its interests? 22 A I do not. 23 Q You next list a denied October 2001 24 legal strategy injunction. Do you see that? 25 A Yes, I do.</p>
<p>6</p> <p>1 have both been possible or not. Again, just as 2 it's similar to the issue we were discussing 3 yesterday, if one had succeeded, the other may have 4 been redundant. 5 Q And even if one hadn't -- even if the 6 April 2001 legal strategy hadn't succeeded, if it 7 was implemented, do you know whether it would have 8 been possible to pursue the July 2001 legal 9 strategy? 10 A It -- presuming it is not made 11 redundant by the first one, I have no -- I have no 12 other way of assessing whether it would have been 13 possible or not. 14 Q And that's my question. Do you know 15 whether the July 2001 legal strategy would have been 16 made redundant? 17 A Had the first -- had the -- had the 18 April strategy succeeded? 19 Q Had the April 2001 strategy been 20 implemented, do you know whether that would have 21 made the July 2001 legal strategy redundant? 22 A I do not know that. 23 Q Are you aware of any prior situation in 24 which a legal strategy like the July 2001 legal 25 strategy had resulted in a negotiated agreement</p>	<p>8</p> <p>1 Q And what do you know about that legal 2 strategy? 3 A That was a strategy to prevent the 4 transfer, I believe, of TWA assets or TWA, LLC to 5 American Airlines. 6 Q And do you know anything about the -- 7 the legal cause of action that would have been 8 brought? 9 A No, I don't. 10 Q Do you know anything about who would 11 have been sued as part of that legal strategy? 12 A I believe it was American Airlines. 13 Q Do you know anything about the 14 likelihood that such a suit would have been 15 successful? 16 A No, I don't. 17 Q Are you aware of any situation in the 18 past in which such a strategy had been used to try 19 and prevent a transfer of assets to an acquiring 20 airline? 21 A No, I'm not. 22 Q Are you aware of any situation in the 23 past in which such a strategy had succeeded in 24 producing a negotiated resolution of a seniority 25 integration dispute?</p>

2 (Pages 5 to 8)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">9</p> <p>1 A No, I'm not.</p> <p>2 Q Do you know anything about whether the</p> <p>3 APA perceived such a suit to threaten any of its</p> <p>4 interests?</p> <p>5 A I have no direct knowledge.</p> <p>6 Q Do you have any indirect knowledge?</p> <p>7 A No, I do not. I mean, I can -- I can</p> <p>8 assume from, you know, their reactions to every</p> <p>9 threat that the TWA pilots made that, you know, they</p> <p>10 wouldn't have thought it in their interest for them</p> <p>11 to pursue that. I mean, that would be just common</p> <p>12 sense. That's not any direct knowledge of what they</p> <p>13 thought about this particular action.</p> <p>14 Q Do you have an understanding of how the</p> <p>15 October 2001 legal strategy for an injunction</p> <p>16 related to the July 2001 legal strategy?</p> <p>17 A I do not.</p> <p>18 Q Do you know whether the October 2001</p> <p>19 legal strategy could have been pursued had the</p> <p>20 April 2001 legal strategy been implemented?</p> <p>21 A Had the April 2001 -- again, presuming</p> <p>22 that it is not made redundant by that having been</p> <p>23 implemented and been successful, I believe -- in</p> <p>24 that case, I believe it would have been possible. I</p> <p>25 believe it was -- you know, again, presuming it's</p>	<p style="text-align: right;">11</p> <p>1 for an injunction redundant?</p> <p>2 A I have no knowledge.</p> <p>3 Q And do you know whether the</p> <p>4 implementation of the July 2001 legal strategy to</p> <p>5 sue American and the APA would have rendered the</p> <p>6 October 2001 legal strategy redundant?</p> <p>7 A I do not know.</p> <p>8 Q And as with the other strategies on</p> <p>9 this list, is your knowledge concerning those legal</p> <p>10 strategies derived exclusively from closing</p> <p>11 arguments and the testimony of Mike Day?</p> <p>12 A I believe that's the case, yes.</p> <p>13 Q You then list a denied October 2001</p> <p>14 legal strategy: Case, APA injunction.</p> <p>15 Do you see that?</p> <p>16 A Yes.</p> <p>17 Q What does Case refer to there?</p> <p>18 A I believe it is Ted Case.</p> <p>19 Q And what relevance does Ted Case have</p> <p>20 to this legal strategy?</p> <p>21 A His name was -- came up in connection</p> <p>22 with devising a strategy.</p> <p>23 Q And how did his name come up?</p> <p>24 A It was mentioned by Allen Press in his</p> <p>25 closing as being one of the people who -- who had</p>
<p style="text-align: right;">10</p> <p>1 not been made redundant.</p> <p>2 Q Well, my question is, do you know</p> <p>3 whether the strategy would have been made redundant</p> <p>4 by implementation of the April 2001 legal strategy?</p> <p>5 A I don't know, but I don't believe it</p> <p>6 would have been.</p> <p>7 Q And is -- is your belief based on any</p> <p>8 personal knowledge that you have?</p> <p>9 A I believe they were -- I believe they</p> <p>10 were different types of actions and, again, not</p> <p>11 being a lawyer, I don't know what -- what avenues of</p> <p>12 -- of, you know, legal appeal or -- or what suit</p> <p>13 could or could not have been brought if another one</p> <p>14 had first been launched. So, you know, it is</p> <p>15 outside my realm of expertise, but my understanding</p> <p>16 is that the -- the attempt to delay the purchase</p> <p>17 was -- was an action, you know, targeted at American</p> <p>18 Airlines, whereas the -- the second October strategy</p> <p>19 was -- was one directed towards the APA.</p> <p>20 Q Well, I'm only asking you now about the</p> <p>21 prior legal strategies that we discussed, the</p> <p>22 April 2001 legal strategy.</p> <p>23 Do you know as a matter of your personal</p> <p>24 knowledge whether implementation of that strategy</p> <p>25 would have rendered the October 2001 legal strategy</p>	<p style="text-align: right;">12</p> <p>1 come up with the strategy.</p> <p>2 Q Do you know if Mr. Case is a lawyer?</p> <p>3 A I do not.</p> <p>4 Q Do you have an understanding that</p> <p>5 Mr. Case is a pilot?</p> <p>6 A I do understand he is a pilot.</p> <p>7 Q Do you have any awareness that he has a</p> <p>8 legal degree?</p> <p>9 A I have -- I have no -- I have no</p> <p>10 knowledge of whether he has a legal degree or not.</p> <p>11 Q What's your understanding of this</p> <p>12 second October 2001 legal strategy?</p> <p>13 A My understanding is that -- was a</p> <p>14 strategy that would have prevented the APA from</p> <p>15 implementing Supplement CC.</p> <p>16 Q Do you have any understanding about the</p> <p>17 likelihood of success of this legal strategy?</p> <p>18 A I do not.</p> <p>19 Q Do you know what legal theory it was</p> <p>20 proposed to be brought under?</p> <p>21 A Sorry. Could -- could I get you to ask</p> <p>22 that question again?</p> <p>23 Do I have --</p> <p>24 Q Do you have any understanding under</p> <p>25 what legal theory they would have sought to enjoin</p>

3 (Pages 9 to 12)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">13</p> <p>1 the APA from implementing Supplement CC?</p> <p>2 A I understand it had something to do</p> <p>3 with the APA effectively usurping ALPA's bargaining</p> <p>4 rights over TWA pilots. You know, what, you know, I</p> <p>5 can say beyond that, not having any legal training,</p> <p>6 I can't say.</p> <p>7 Q Do you have any understanding of</p> <p>8 whether the second October 2001 legal strategy could</p> <p>9 have been implemented had the first October 2001</p> <p>10 legal strategy been implemented?</p> <p>11 A Well, with all of these questions that</p> <p>12 you are -- you are asking about, could one strategy</p> <p>13 have been implemented had another one been</p> <p>14 implemented, I think I'm going to have to give the</p> <p>15 same answer for all of them.</p> <p>16 First of all, it is assuming that the first</p> <p>17 one hasn't succeeded. And second of all, that the</p> <p>18 first one, you know, hasn't concluded.</p> <p>19 If, for instance, let's -- let's say, you</p> <p>20 know, we are looking at the APA injunction strategy</p> <p>21 in October 2001. Now, if the prior strategy had</p> <p>22 been implemented but was ongoing, had not been</p> <p>23 resolved, it most likely could have. If -- if the</p> <p>24 prior one had succeeded, it would be redundant. If</p> <p>25 the prior one had succeeded and failed, then quite</p>	<p style="text-align: right;">15</p> <p>1 it redundant, in -- in some cases maybe it would</p> <p>2 have. But, you know, I have no way of knowing</p> <p>3 whether you would be prevented from launching one of</p> <p>4 these particular suits given that another one had</p> <p>5 been launched. I don't -- I don't have the legal</p> <p>6 training to answer that question.</p> <p>7 Q Now, are you aware of any prior</p> <p>8 situation in which a strategy similar to the second</p> <p>9 October 2001 strategy had resulted in a negotiated</p> <p>10 resolution of a seniority integration dispute?</p> <p>11 A I'm not aware.</p> <p>12 Q Do you know anything about the APA's</p> <p>13 views about whether any of its interests would have</p> <p>14 been threatened by implementation of the second</p> <p>15 October 2001 legal strategy?</p> <p>16 A I have no direct knowledge of -- of</p> <p>17 what the APA would have thought of that second</p> <p>18 strategy.</p> <p>19 Q And do you have any indirect knowledge</p> <p>20 of what the APA would have thought of that legal</p> <p>21 strategy?</p> <p>22 A Only what we can surmise given that,</p> <p>23 you know, it was targeted at them directly, so --</p> <p>24 Q And aside from any surmise that you</p> <p>25 would make, do you have any knowledge, direct or</p>
<p style="text-align: right;">14</p> <p>1 likely it would still be an available strategy. Not</p> <p>2 having done any of the prior ones -- it's -- it's,</p> <p>3 you know, a hypothetical.</p> <p>4 Q Do you have the legal background to</p> <p>5 understand whether, for any of the prior legal</p> <p>6 strategies that we discussed, if they were</p> <p>7 implemented, whether this second October 2001 legal</p> <p>8 strategy could have been implemented as well?</p> <p>9 A Well, again, I'll have to -- I'll have</p> <p>10 to say it could have assuming the others had failed</p> <p>11 in a timely fashion, such that it was still an</p> <p>12 available strategy and not redundant.</p> <p>13 Q And do you know if the others had been</p> <p>14 implemented and were still ongoing, whether that</p> <p>15 would have affected the ability to implement the</p> <p>16 second October 2001 legal strategy?</p> <p>17 A I'm sorry. If the others had?</p> <p>18 Q Had been implemented and were still</p> <p>19 ongoing, do you have an understanding of whether the</p> <p>20 pendency of those actions would have affected the</p> <p>21 ability to implement the second October 2001</p> <p>22 strategy?</p> <p>23 A So you are asking, if the others had</p> <p>24 been undertaken and were ongoing, had not yet been</p> <p>25 resolved, presuming the -- that would not have made</p>	<p style="text-align: right;">16</p> <p>1 indirect, about how the APA perceived such a legal</p> <p>2 strategy and whether it thought it threatened any</p> <p>3 interest it had?</p> <p>4 A I have no direct knowledge.</p> <p>5 Q My question wasn't limited to direct</p> <p>6 knowledge, sir. You keep answering about direct</p> <p>7 knowledge.</p> <p>8 Do you have any knowledge, direct or indirect,</p> <p>9 but how the APA viewed this potential legal</p> <p>10 strategy?</p> <p>11 A No.</p> <p>12 Q The next item on your list is something</p> <p>13 described as refused to request DOT make fair</p> <p>14 process a condition of purchase. Do you see that?</p> <p>15 A I do.</p> <p>16 Q And what's your understanding of what</p> <p>17 this strategy consisted of?</p> <p>18 A This strategy consisted of having</p> <p>19 the -- putting a request to the Department of</p> <p>20 Transportation to have them make the -- a fair</p> <p>21 seniority integration process a condition of the</p> <p>22 purchase of TWA by American.</p> <p>23 Q And do you know whether ALPA made such</p> <p>24 a request?</p> <p>25 A My understanding is they did not.</p>

4 (Pages 13 to 16)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">17</p> <p>1 Q And what's the basis for your</p> <p>2 understanding?</p> <p>3 A The closing arguments of Allen Press</p> <p>4 and the testimony of Mike Day.</p> <p>5 Q Do you have any understanding about</p> <p>6 whether a meeting between the TWA MEC and the</p> <p>7 Department of Transportation took place?</p> <p>8 A I do not recall -- not whether -- no, I</p> <p>9 don't recall.</p> <p>10 Q You don't recall or you don't know?</p> <p>11 A Hmm.</p> <p>12 Q You don't recall or you don't know?</p> <p>13 A I don't know -- no. I don't know</p> <p>14 whether that meeting took place.</p> <p>15 Q If such a meeting had taken place,</p> <p>16 would that affect your analysis in any way?</p> <p>17 A Well, not having been at the meeting</p> <p>18 and not knowing what was discussed at the meeting, I</p> <p>19 don't know.</p> <p>20 Q Would it have the potential to affect</p> <p>21 your analysis?</p> <p>22 A It -- it could. It could.</p> <p>23 Q And how might it affect your analysis?</p> <p>24 A Well, it could affect my analysis if</p> <p>25 ALPA, having undertaken this action, would have</p>	<p style="text-align: right;">19</p> <p>1 evidence.</p> <p>2 THE WITNESS: I would need to know a</p> <p>3 good deal more about the meeting, and what exactly</p> <p>4 was discussed, and how well known this meeting was,</p> <p>5 and how forceful the request had been made, and</p> <p>6 whether, you know, a number of other -- I mean, we</p> <p>7 are talking about the impact of this on the</p> <p>8 negotiations, not, you know, a conversation between</p> <p>9 the TWA pilots and the DOT. So I would need to know</p> <p>10 a good deal more details about that meeting, how</p> <p>11 well publicized it was.</p> <p>12 Because, you know, if it was a private meeting</p> <p>13 between parties that the APA had no knowledge</p> <p>14 whatsoever of, that the American Airlines had no</p> <p>15 knowledge of whatsoever, that the TWA management at</p> <p>16 the time had no knowledge of, I don't know how it</p> <p>17 could have affected the negotiation at all. So</p> <p>18 it's-- it's just too hypothetical a question you are</p> <p>19 asking me. So if there is more details about a</p> <p>20 meeting, I could potentially tell you whether it</p> <p>21 would or would not affect my analysis.</p> <p>22 BY MR. TOAL:</p> <p>23 Q Are you aware of any situation in which</p> <p>24 the Department of Transportation has made</p> <p>25 implementation of a certain seniority integration</p>
<p style="text-align: right;">18</p> <p>1 provided no support for the TWA pilots in their</p> <p>2 negotiations, would have had -- had no effect</p> <p>3 whatsoever on, you know, the perception of the TWA</p> <p>4 as negotiating partners. So, again, you know, you</p> <p>5 are sort of asking me to say -- like, the success or</p> <p>6 failure of that particular action is not what I</p> <p>7 was -- is not what I was concerned with. What I'm</p> <p>8 concerned with is what this would have done to the</p> <p>9 dynamics of the negotiations.</p> <p>10 So if some meeting had happened that said that</p> <p>11 this -- this -- the likelihood of success was -- was</p> <p>12 small, that wouldn't actually change my analysis.</p> <p>13 What would change my analysis would be if there was</p> <p>14 some way in which ALPA, having stepped up and</p> <p>15 undertaken that action, would have had zero effect.</p> <p>16 And if there was some way that I could know that</p> <p>17 absolutely, then it could potentially change.</p> <p>18 Q Well, would it affect your analysis if</p> <p>19 the TWA MEC and representatives from ALPA had</p> <p>20 actually met with the Department of Transportation</p> <p>21 and made a request that the DOT make a fair</p> <p>22 integration process a condition of approval of the</p> <p>23 TWA acquisition?</p> <p>24 MR. JACOBSON: I'm going to object to</p> <p>25 the form of the question. Assumes facts not in</p>	<p style="text-align: right;">20</p> <p>1 process a condition of an -- of an asset</p> <p>2 acquisition?</p> <p>3 A I'm not aware.</p> <p>4 Q Are you aware of any situation in which</p> <p>5 a request that the DOT make a certain process a</p> <p>6 condition of an asset acquisition has resulted in a</p> <p>7 negotiated resolution of a seniority integration</p> <p>8 dispute?</p> <p>9 A I'm not aware of any.</p> <p>10 (Salamat-11 Portion of deposition</p> <p>11 transcript of Clay Warner marked for</p> <p>12 identification.)</p> <p>13 BY MR. TOAL:</p> <p>14 Q I'll show you a document that I'll mark</p> <p>15 as Salamat Exhibit-11, which is the trial transcript</p> <p>16 from July 5, 2011. This is excerpted, page -- pages</p> <p>17 23 to 25. And this is from the testimony of Roland</p> <p>18 Wilder. I'm sorry. It is actually from the</p> <p>19 testimony of Clay Warner, I believe.</p> <p>20 Is that the wrong document? Right.</p> <p>21 This is the testimony of Clay Warner. If I</p> <p>22 could direct your attention to page 25 -- let me</p> <p>23 start you on page 24, line 19.</p> <p>24 You see it says, the question is, okay. But</p> <p>25 you were going back to the DOT in early 2001 to</p>

5 (Pages 17 to 20)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">21</p> <p>1 press for what? Give us a sense of what you were 2 trying to get them to help you do. 3 And the answer is, March 2001, we were looking 4 to see if we could do anything to put any kind of 5 pressure on American or the Allied Pilots 6 Association in a way that would not boomerang back 7 and hurt the TWA pilots. We were looking around at 8 rocks everywhere and picking them up to see if there 9 was anything under any rock that might possibly 10 help. Randy Babbitt actually suggested this 11 meeting, and you know there was absolutely no 12 possibility for harm from it. We didn't know it 13 would, if it would ever come to anything, and so we 14 went. It was Scott Schwartz, who is the vice 15 chairman of the MEC, Matt Comlish, who is their 16 legislative affairs chairman, and I went and met 17 with three folks from DOT to see if there was 18 anything they could possibly do. And the answer was 19 a very polite no, but we checked. 20 Do you see that? 21 A I do. 22 Q Is that testimony you were aware of 23 prior to preparing your report? 24 MR. JACOBSON: May I put an objection. 25 I object on improper use of trial testimony for a</p>	<p style="text-align: right;">23</p> <p>1 even sent a letter officially requesting this be 2 part of the sale. I don't know if any more broad 3 meetings had ever been scheduled that, you know, 4 would have alerted the APA that this was something 5 the TWA pilots were trying to do. 6 From what I gather here, it was a meeting. So 7 I don't know that anything that I just read in this 8 section would make me think that the possibility of 9 ALPA having fully supported this strategy wouldn't 10 have changed the dynamics of the negotiation. 11 Again, what this does tell me is that maybe there 12 was a small chance that, you know, maybe there is a 13 smaller chance that it would have been successful. 14 But, again, nothing that I read -- have written is 15 predicated on the success or failure of any 16 particular strategy. So I don't believe this would 17 have changed my report. 18 Q Is your analysis predicated, at least 19 in part, on the APA's perception about the likely 20 success or failure of any of these strategies? 21 A In a small part, perhaps, but not -- 22 not in any great measure. It is predicated on the 23 APA's perception of the TWA pilots and ALPA as 24 negotiating partners, so -- 25 Q Well, why -- why does the APA's</p>
<p style="text-align: right;">22</p> <p>1 trial whose judgment has been entered and not 2 appealed. 3 THE WITNESS: I'm -- I'm not aware of 4 this testimony, no. 5 BY MR. TOAL: 6 Q And you weren't aware of it before you 7 prepared your report? 8 A No, I was not. 9 Q Had you been aware of this testimony, 10 would it have affected your analysis? 11 MR. JACOBSON: I object to the form of 12 the question. It neglects the fact that there was a 13 jury trial in this matter in which this was a 14 disputed fact. 15 THE WITNESS: I don't believe it would 16 have. First of all, who is -- who is Mr. Warner? 17 BY MR. TOAL: 18 Q Mr. Warner was a lawyer for ALPA. 19 A Okay. And, you know, I'm going to go 20 back to what I said earlier, which was, I don't know 21 how -- how well known ALPA -- ALPA's pushing the DOT 22 in order to make this some part of the -- the 23 purchase was known. I don't know if their "polite 24 no" was well known. I don't know if ALPA 25 ever thought-- my understanding is that ALPA never</p>	<p style="text-align: right;">24</p> <p>1 perception of ALPA and the TWA MEC as negotiating 2 parties lead you to believe there was a greater 3 likelihood of an agreement better than CC being 4 reached on seniority integration? 5 MR. JACOBSON: I object to the form of 6 the question. You used the word parties rather than 7 partners. 8 MR. TOAL: Stop with the speaking 9 objections. You just need to object to the form of 10 the question. You are just trying to coach the 11 witness. Joe, show me where you feel that in order 12 to preserve your objection, you need to tell the 13 witness what to respond to? 14 MR. JACOBSON: I'm not telling him how 15 to respond. 16 MR. TOAL: That's exactly what you're 17 doing. 18 MR. JACOBSON: Your question was 19 negotiating parties. Your question was negotiating 20 parties. He said negotiating partners. It is a 21 different word. I objected to the form because you 22 used a different word than the word he used. That's 23 the proper objection. I give you the opportunity to 24 correct your answer. 25 THE WITNESS: Now I forgot the</p>

6 (Pages 21 to 24)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">25</p> <p>1 question.</p> <p>2 MR. TOAL: Can you read it back?</p> <p>3 (The court reporter read back the</p> <p>4 pending question as follows:</p> <p>5 "Question: Well, why -- why does the</p> <p>6 APA's perception of ALPA and the TWA MEC as</p> <p>7 negotiating parties lead you to believe there</p> <p>8 was a greater likelihood of an agreement</p> <p>9 better than CC being reached on seniority</p> <p>10 integration?")</p> <p>11 THE WITNESS: Can I get you to read the</p> <p>12 first part of the question again?</p> <p>13 BY MR. TOAL:</p> <p>14 Q I'll just restate it.</p> <p>15 Why does your -- why is it your view that the</p> <p>16 APA's perception of ALPA and the TWA MEC as</p> <p>17 negotiating partners affects the likelihood of any</p> <p>18 agreement being reached concerning seniority</p> <p>19 integration?</p> <p>20 A Well, because if the TWA pilots -- if</p> <p>21 ALPA is doing nothing to protect the TWA pilots, is</p> <p>22 doing nothing to give them any leverage in the</p> <p>23 negotiation, the APA is left, you know, with the --</p> <p>24 with the reason to believe that ALPA is not going to</p> <p>25 do anything to prevent them from acting</p>	<p style="text-align: right;">27</p> <p>1 in the APA's view?</p> <p>2 A Well, you are asking me something that</p> <p>3 is inconsistent with what the jury already decided</p> <p>4 in this case, which was that they didn't do these</p> <p>5 things, and had they not breached their duty, there</p> <p>6 would have been a better seniority list. So there</p> <p>7 is no way I can actually start from the position</p> <p>8 that you just gave me.</p> <p>9 Q Well, I'm just asking you a question.</p> <p>10 Whatever you think of what the jury decided, if it's</p> <p>11 the case that ALPA had no ability to give the TWA</p> <p>12 MEC additional leverage, at least from the APA's</p> <p>13 perspective, do you still think it's the case that</p> <p>14 the only thing that matters is whether ALPA and the</p> <p>15 TWA MEC appear as negotiating partners?</p> <p>16 A You are asking me to answer a question</p> <p>17 that's completely contrary to the jury decision, so</p> <p>18 I can't say anything to that. It is contrary to the</p> <p>19 facts.</p> <p>20 Q Treat it as a hypothetical.</p> <p>21 A I can't treat it as a hypothetical</p> <p>22 because it's contrary to facts.</p> <p>23 Q Is your -- is your testimony under oath</p> <p>24 that you're incapable of answering that as a</p> <p>25 hypothetical question?</p>
<p style="text-align: right;">26</p> <p>1 unilaterally. ALPA acting and exploiting avenues in</p> <p>2 order to gain, you know, some leverage, some ability</p> <p>3 to control the outcome of the negotiation is going</p> <p>4 to change the perception of that negotiating</p> <p>5 partner. So if you lie down, you don't do anything,</p> <p>6 the other party can reasonably conclude that they</p> <p>7 can do whatever they want. If you step up and you</p> <p>8 fight, the chances of getting a better negotiated</p> <p>9 agreement are better.</p> <p>10 Q Do you have any empirical support for</p> <p>11 that view?</p> <p>12 A That if a party doesn't fight in a</p> <p>13 negotiation, that the outcome is worse?</p> <p>14 Q Do you have any empirical support for</p> <p>15 the proposition that if you fight in a negotiation,</p> <p>16 you invariably do better?</p> <p>17 A Than if you don't fight?</p> <p>18 Q Yes.</p> <p>19 A I think if you go back to Walton and</p> <p>20 McKersie from, like, the 1960s, they've been</p> <p>21 demonstrating this consistently in research on</p> <p>22 negotiations, that if you don't actually put up a</p> <p>23 fight, the outcome is going to be worse for you.</p> <p>24 Q Now, what if ALPA had no ability to</p> <p>25 give the TWA MEC any additional leverage, at least</p>	<p style="text-align: right;">28</p> <p>1 A Okay. Well, why don't you try asking</p> <p>2 me a different way and we will see if we can get you</p> <p>3 an answer.</p> <p>4 Q The -- the question is, if the -- if</p> <p>5 ALPA had no ability to provide the TWA MEC</p> <p>6 additional leverage from the perspective of the APA,</p> <p>7 what difference does it make that it appears to the</p> <p>8 APA that ALPA and the TWA MEC are negotiating</p> <p>9 partners?</p> <p>10 A So if ALPA could provide no additional</p> <p>11 leverage, why would it change the APA's perception?</p> <p>12 Q Yes.</p> <p>13 A Of -- well, I suppose -- I suppose we</p> <p>14 could -- we could, you know, try and put another</p> <p>15 hypothetical up against yours.</p> <p>16 So if I show up in a schoolyard and some bully</p> <p>17 wants to pound the tar out of me, that's one</p> <p>18 situation. Now, if my big brother shows up at the</p> <p>19 edge of the schoolyard, now, the bully has no reason</p> <p>20 to think that it is any less likely that he can</p> <p>21 pound the tar out of me, but now there is my big</p> <p>22 brother standing there. So even if my big brother</p> <p>23 hasn't given me any leverage, he hasn't given me any</p> <p>24 strength. He hasn't said he is going to step into</p> <p>25 the fight. I have to believe that schoolyard bully</p>

7 (Pages 25 to 28)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">29</p> <p>1 is going to be looking at the situation somewhat 2 differently. 3 That's about the best I can do to say, you 4 know, with your hypothetical situation, why it would 5 be that I would suddenly have a better chance of 6 coming out of the schoolyard with my jaw intact. 7 Q Well, in your situation -- in your 8 hypothetical, your big brother has some ability to 9 harm the interest of the bully. 10 A We don't know. He hasn't said he would 11 or he wouldn't. He just showed me. He hasn't given 12 me any leverage. He didn't hand me a baseball bat. 13 He is just there. 14 Q Well, can you answer my hypothetical? 15 A I think I just did. 16 Q No. You have given me another 17 hypothetical. 18 A Well, it is the only way I can answer 19 your answer. I mean, because you said something, 20 first of all, that is contrary to the facts, so you 21 are asking me to answer something that is contrary 22 to the facts as I know them, so -- 23 Q Okay. So your -- your testimony is 24 that whether any of these strategies had the ability 25 to affect the interests of the APA is largely</p>	<p style="text-align: right;">31</p> <p>1 Q If they assume that the strategies have 2 no ability to harm any interest of the APA, would 3 you agree -- 4 A That they are -- that they are separate 5 from the negotiation, that they could have no 6 relevance whatsoever in the negotiation? 7 Q My -- my question is, if you assume 8 that the APA was of a view that none of these 9 strategies, if implemented, posed any risk to its 10 interests -- 11 A Well, maybe -- maybe I'm not -- maybe 12 you have to -- when you say the APA's interests, 13 could you expand on that a little bit and say 14 precisely what you mean? Because I think maybe I'm 15 not understanding the question. 16 Q If the APA had the view that none of 17 these strategies had the ability to make it worse 18 off, would you agree that any such strategy would 19 not be likely to affect the dynamic of the 20 negotiation? 21 A Worse -- worse off in what way? 22 Q In any way. 23 A Well, I don't know -- I don't know that 24 I can answer that because, I mean, I -- I need some 25 more particulars about in what way. I mean, if the</p>
<p style="text-align: right;">30</p> <p>1 irrelevant to your analysis; correct? 2 A I don't think they are. Well, first of 3 all, I mean, I disagree with that statement because 4 I don't think any of them were contrary to -- 5 Q So, with respect to your analysis, does 6 it make a difference whether any of these legal 7 strategies have the ability -- I'm sorry. 8 Withdrawn. 9 With respect to your analysis, does it make a 10 difference whether any of these strategies that you 11 list had the ability to affect an interest of the 12 APA? 13 A Does it matter that they had the 14 ability to affect the interest of the APA? 15 Q Does it matter whether they had the 16 ability to affect any interest of the APA? 17 A Well, it -- it matters that they have 18 the ability to put pressure on the negotiation. 19 Q And would you agree that if the APA 20 doesn't perceive its interests to be affected by any 21 of these strategies, those strategies are likely to 22 be ineffective in changing the dynamics of the 23 negotiation? 24 A You mean if the APA assumes that they 25 will fail?</p>	<p style="text-align: right;">32</p> <p>1 APA thought -- and I'm just going to pick a random 2 strategy. If they thought that waiving scope -- if 3 they thought the TWA pilots refusing to waive scope 4 could have no impact on them whatsoever, that would 5 presume that they have concluded that that strategy 6 will be unsuccessful. But, again, my analysis isn't 7 predicated on the success or failure of the 8 strategy. 9 If they said -- for them to say that that 10 could have no interest whatsoever on their 11 interests -- no impact whatsoever on their 12 interests, the only reasonable thing you can say is, 13 well, they are -- they are either disregarding the 14 risk entirely, which would be kind of irrational, or 15 it is, in fact, something completely separate from 16 the negotiation itself. So, they are either acting 17 irrationally, or, in fact, the strategy they were 18 discussing has no effect on the negotiation 19 whatsoever. It really is completely separate. I 20 mean, the only thing they are negotiating through 21 this period is seniority. So the APA's interests 22 would be intimately tied to any of these. Because 23 if there is any possibility of them succeeding, then 24 there is the potential risk. 25 Q Any possibility of them succeeding and</p>

8 (Pages 29 to 32)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">33</p> <p>1 doing what?</p> <p>2 A Either taking control of the situation</p> <p>3 out of the direct hands of the APA and putting it in</p> <p>4 someone else's, either an arbitrator's, or a</p> <p>5 court's, the company's.</p> <p>6 Q Are you aware of any way in which</p> <p>7 seniority integration could have been taken out of</p> <p>8 the hands of the APA absent its agreement?</p> <p>9 A I -- that would presume knowledge of</p> <p>10 the success of these legal strategies and what the</p> <p>11 outcome of that would have been. So I can't say.</p> <p>12 You know, had the DOT made fair protest a condition</p> <p>13 of purchase, that could have led to the APA having</p> <p>14 to agree to do the seniority integration in some</p> <p>15 other way. Absent their agreement, they -- you</p> <p>16 know, I -- I can't say whether it could have been</p> <p>17 forced on them by one of these legal strategies or</p> <p>18 not.</p> <p>19 Q Okay. You refer next in your list to</p> <p>20 refused to request AFL/CIO support; do you see that?</p> <p>21 A I do.</p> <p>22 Q And what's your understanding of what</p> <p>23 was sought as part of that strategy?</p> <p>24 A That was a strategy to, as I understand</p> <p>25 it, request a boycott of American Airlines by</p>	<p style="text-align: right;">35</p> <p>1 the threat of an AFL/CIO boycott against the airline</p> <p>2 of one of the unions has led to a negotiated</p> <p>3 resolution of a seniority integration dispute?</p> <p>4 A Not aware of any.</p> <p>5 Q If -- if ALPA had requested an AFL/CIO</p> <p>6 boycott of American Airlines, what interests of the</p> <p>7 APA would that have threatened?</p> <p>8 A Well, it would have put pressure on</p> <p>9 American Airlines, primarily. And through that,</p> <p>10 presumably pressure would be brought to bear on the</p> <p>11 APA in order to have a fair resolution process put</p> <p>12 in place.</p> <p>13 Q Is that assumption you make in your</p> <p>14 analysis that, if there was a boycott, that American</p> <p>15 Airlines would have put pressure on the APA?</p> <p>16 A Well, no. My analysis assumes that</p> <p>17 that would have put pressure on the negotiation</p> <p>18 entirely. It would have brought American Airlines</p> <p>19 into the fray and, again, we will go back to, you</p> <p>20 know, the Big Brother showing up. It brings another</p> <p>21 party into the dispute.</p> <p>22 Q Do you have any -- are you aware of any</p> <p>23 evidence suggesting that in the event of an AFL/CIO</p> <p>24 boycott, that American Airlines would have been</p> <p>25 prepared to put pressure on the APA with regard to</p>
<p style="text-align: right;">34</p> <p>1 AFL/CIO members.</p> <p>2 Q And do you know anything else about</p> <p>3 that strategy?</p> <p>4 A I know that ALPA refused to undertake</p> <p>5 it.</p> <p>6 Q And what's the basis for your</p> <p>7 understanding?</p> <p>8 A The testimony of Mike Day and the</p> <p>9 closing of Allen Press.</p> <p>10 Q And do you know anything about whether</p> <p>11 the AFL/CIO would have agreed to a boycott of</p> <p>12 American Airlines?</p> <p>13 A I -- I only know that the request</p> <p>14 wasn't made.</p> <p>15 Q So the answer to my question is, no,</p> <p>16 you don't know whether the AFL/CIO would have agreed</p> <p>17 to a boycott?</p> <p>18 A I don't know whether they would have</p> <p>19 agreed or not.</p> <p>20 Q Are you aware of any situations in</p> <p>21 which the AFL/CIO, because of a seniority</p> <p>22 integration dispute, has agreed to boycott the</p> <p>23 airline of one of the unions?</p> <p>24 A I'm not aware of any.</p> <p>25 Q Are you aware of any situation in which</p>	<p style="text-align: right;">36</p> <p>1 seniority integration?</p> <p>2 A I have no direct knowledge of whether</p> <p>3 they -- they would have or wouldn't have. All I</p> <p>4 know is it would have involved them in the seniority</p> <p>5 dispute more directly.</p> <p>6 Q Do -- do you have any indirect</p> <p>7 knowledge that American Airlines was prepared to put</p> <p>8 pressure on the APA in the event of an AFL/CIO</p> <p>9 boycott?</p> <p>10 A No, I do not.</p> <p>11 Q Next item you list is, refuse to block</p> <p>12 APA pilots from ALPA jump seats. Do you see that?</p> <p>13 A I do.</p> <p>14 Q What's your understanding of this</p> <p>15 strategy?</p> <p>16 A My understanding is that this was a</p> <p>17 strategy that would have had ALPA members prevent</p> <p>18 American Airlines pilots from basically sitting in</p> <p>19 jump seats, flying -- flying on out carriers.</p> <p>20 Q And what's your understanding of when</p> <p>21 this strategy was -- do you have an understanding</p> <p>22 whether the TWA MEC requested that ALPA implement a</p> <p>23 jump seat war?</p> <p>24 A I do not know whether it was the TWA</p> <p>25 MEC that requested the jump seat war. I know it was</p>

9 (Pages 33 to 36)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">37</p> <p>1 one of the TWA pilots, some group of TWA pilots who 2 wanted this.</p> <p>3 Q Do you know whether the TWA MEC agreed 4 with that proposal?</p> <p>5 A I do not know.</p> <p>6 Q Do you know when this TWA pilot made 7 this suggestion?</p> <p>8 A I do not.</p> <p>9 Q And do you know anything about when the 10 proposed jump seat war was proposed to be 11 implemented?</p> <p>12 A I do not.</p> <p>13 Q Do you have any knowledge about the 14 APA's views about whether a threatened jump seat war 15 would affect its willingness to offer a better 16 seniority integration resolution than Supplement CC?</p> <p>17 A No, I don't.</p> <p>18 Q Are you aware of any situation in which 19 an actual or threatened jump seat war has led to the 20 negotiated resolution of a dispute over seniority 21 integration?</p> <p>22 A No, I don't.</p> <p>23 Q Are you aware whether ALPA had a policy 24 in writing prohibiting institution of jump seat wars 25 in an effort to punish another union?</p>	<p style="text-align: right;">39</p> <p>1 Q Were you aware of this policy at the 2 time you prepared your analysis?</p> <p>3 A I was aware that there was some -- 4 something like this.</p> <p>5 Q And is this something that you took 6 into account in your analysis?</p> <p>7 A It is.</p> <p>8 Q And how did you take into account that 9 there was a policy against jump seat wars to punish 10 other pilots or unions?</p> <p>11 A Well, how I took it into account was 12 the fact that it was still a strategy that was 13 available to ALPA because they had deployed it in 14 the past.</p> <p>15 Q And what's your knowledge about when 16 ALPA had deployed a jump seat war in the past?</p> <p>17 A Well, in -- in Allen Press's closing, 18 he went on -- he discussed the fact that a group of 19 pilots, and I can't remember the airline that they 20 were from, were denied jump seats on out-carriers by 21 ALPA pilots because they had crossed the picket line 22 at some point in the past. And that this fact was 23 supported by the testimony of one of the ALPA 24 lawyers, who I can't remember who it was.</p> <p>25 Q And do you know whether that happened</p>
<p style="text-align: right;">38</p> <p>1 A All I know is that ALPA has had jump 2 seat restrictions on certain pilots in the past. 3 Whether they have a -- a written policy against it, 4 I'm not aware.</p> <p>5 (Salamat-12 Excerpt from the ALPA 6 administrative policies marked for 7 identification.) 8 BY MR. TOAL:</p> <p>9 Q I'm going to show you a document that 10 I'll mark as Salamat Exhibit-12, which is an excerpt 11 from the ALPA administrative policies.</p> <p>12 And if you could let me know if you are 13 familiar with this document.</p> <p>14 A I'm not.</p> <p>15 Q Let me direct your attention to the 16 first page of text of this document which has the 17 head section 115, jump seat policy.</p> <p>18 Do you see that?</p> <p>19 A Yes.</p> <p>20 Q Okay. Do you see the fourth paragraph? 21 It says, denial of jump seat privileges as a means 22 of punishing, coercing, or retaliating against other 23 pilot groups or individuals is not supported by 24 ALPA?</p> <p>25 A I do.</p>	<p style="text-align: right;">40</p> <p>1 before or after the -- ALPA implemented the jump 2 seat policy that we just read?</p> <p>3 A I do not know, no.</p> <p>4 Q Did you do anything to find out?</p> <p>5 A I did not. I wasn't aware of this -- 6 this document, so --</p> <p>7 Q And you testified previously that there 8 was a -- a -- there were a number of things about a 9 request to the Department of Transportation with 10 regard to a request for a fair merger integration 11 process that you didn't know about. Do you recall 12 that testimony?</p> <p>13 A Sorry?</p> <p>14 Q You testified with respect to any 15 requests made of the DOT, that you didn't know what 16 happened in the meeting, you didn't know how well 17 publicized it was, you didn't know what sort of 18 requests were made, you didn't know if a letter was 19 sent. Do you recall that testimony?</p> <p>20 A Well, I didn't -- I didn't say I didn't 21 know if a letter was sent. I said I know a letter 22 wasn't sent. That was -- that was stated by Allen 23 Press in his closing. So what I said was, I didn't 24 know the context of the meeting, anything more about 25 it.</p>

10 (Pages 37 to 40)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">41</p> <p>1 Q Did you do anything to try and find out 2 about the context of that meeting? 3 A I -- I don't think I was aware of the 4 meeting until we discussed it today. 5 Q Next item on your list is, deny TWA 6 pilots have right to strike. Do you see that? 7 A I do. 8 Q And what's your understanding of the 9 action that ALPA had available to it here? 10 A My understanding here was that 11 throughout the period leading up to the bankruptcy 12 filing, ALPA had been saying to the TWA pilots that 13 had their -- had -- had been arguing in the -- in 14 the bankruptcy court, that abrogating that section 15 of the TWA pilots' contract would give them the 16 right to strike. And then, when it came time to 17 fight the 1113 motion, ALPA then turned around and 18 said to the TWA pilots, no, you would not have the 19 right to strike. On the one hand, they were saying 20 they did have it. But then, when it would have 21 supported them, they said they didn't, so -- 22 Q And what's the basis for your 23 understanding about ALPA's views about any right to 24 strike? 25 A Closing arguments.</p>	<p style="text-align: right;">43</p> <p>1 Q Do you have any evidence suggesting 2 that if the TWA pilots had initiated a strike 3 against TWA, that would have brought Americans into 4 the negotiation? 5 A Again, you are talking about what would 6 have happened if, you know, they had actually 7 struck. So I'm not sure that I am. 8 Q My question is, do you have any 9 information that in the event the TWA pilots had 10 initiated a strike against TWA, that American 11 Airlines would have gotten into the negotiations? 12 A I have no direct information. But 13 given that they were attempting to purchase TWA, it 14 would have involved them whether, you know, they 15 would have wanted to get involved or not. 16 Q Well, it could have led them to walk 17 away from the transaction; correct? 18 A It could have led them -- it could have 19 led them to do all kinds of things. 20 Q And -- and my point is, you don't have 21 any information, correct me if I'm wrong, about what 22 American Airlines was prepared to do in that 23 instance; correct? 24 A That's correct. 25 Q And nor do you have any information</p>
<p style="text-align: right;">42</p> <p>1 Q What's your understanding about when 2 any such strike would have been instituted? 3 A I have none. 4 Q And what's your understanding as to -- 5 as to whom the TWA pilots would be striking against? 6 A They would be striking against TWA. 7 Q And how would the TWA pilots striking 8 against TWA have affected any interest in the APA? 9 A It would have -- well, first thing it 10 would have done is it would potentially -- well, let 11 me think about that. I want to give you a good, 12 clear answer. 13 First of all, again, I don't want -- I don't 14 want to stray into an area where we are talking 15 about the success or failure of a particular 16 strategy. So, you know if the -- if ALPA had 17 enforced and in some way supported the TWA pilots' 18 right to strike, I'm concerned more with what that 19 would have done to the negotiation than I am with 20 whether them striking would have had any particular 21 effect, so -- but, you know, had they had the right 22 to strike, again, this would have brought American 23 Airlines and TWA back into the negotiation in a more 24 meaningful way. So that would directly have 25 created, you know, a stronger negotiating partner.</p>	<p style="text-align: right;">44</p> <p>1 about any way in which the APA would have reacted to 2 a TWA strike against -- TWA pilot strike against 3 TWA; correct? 4 A That's correct. 5 Q And nor do you have any information 6 about how the APA would have responded to a 7 threatened strike by the TWA pilots against TWA; 8 correct? 9 A No direct knowledge, that's correct. 10 Q And you don't have any indirect 11 knowledge either; correct? 12 A That's correct. 13 Q Now, the next item on your list is 14 failure to support TWA pilots. Do you see that? 15 A Yes. 16 Q And what's your understanding here of 17 the action that ALPA had available to it? 18 A Well, this is a number of -- of 19 actions, involvements, which are subsumed under the 20 heading of failure to support TWA pilots. So, you 21 know, I'm going to have to take them one at a time. 22 Q Well, go ahead. I'm asking for your 23 understanding of what action ALPA had available to 24 it. 25 A Well, there are four, four actions</p>

11 (Pages 41 to 44)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">45</p> <p>1 here, the first one talking about no coordination 2 with merger committee. In the closing of Allen 3 Press, he discussed how the concessionary bargaining 4 was supposed to be done through the president's 5 office, and that didn't happen. That there was a 6 general failure to coordinate with the merger 7 committee. This came across in -- in Mike Day's 8 testimony in a number of ways in which calls weren't 9 returned and, you know, requests weren't answered; 10 so lack of coordination was one thing. 11 Lack of negotiating support. Again, this goes 12 back to, you know, the -- the -- I guess it was a 13 direction that concessionary negotiations were 14 supposed to happen through the president's office 15 and that they weren't given -- the president was not 16 directly involved in every step of the negotiation, 17 or from what it appeared, he wasn't involved in very 18 much at all. 19 Lack of funding refers to two things -- three 20 things. First of all, they've made requests for 21 funding from ALPA's major contingency fund, and that 22 wasn't made available to them when they were 23 requesting flight pay, flight pay loss from their 24 lobbying activities on Capital Hill. That was 25 denied. And there is a third one, but I can't</p>	<p style="text-align: right;">47</p> <p>1 closing argument of Allen Press; correct? 2 A That's correct. 3 Q And you understand that Mr. Press is a 4 lawyer; correct? 5 A I do. 6 Q And you understand that Mr. Press was a 7 paid advocate for the TWA pilots; correct? 8 A I do. 9 Q And you understood that there was an 10 entire evidentiary record creating -- created in the 11 trial; correct? 12 A I am. 13 Q Did you consider, as part of your 14 analysis, reviewing the evidentiary record in the 15 trial? 16 A In -- in some instances, I did. 17 Q The -- the only testimony you reviewed, 18 I believe you testified yesterday, was from Mr. Day; 19 correct? 20 A The testimony -- yes. The only -- the 21 only testimony I -- I reviewed in depth was 22 Mr. Day's. You know, I may have skimmed other 23 parts, but -- 24 Q Are those reflected in your report? 25 A Which?</p>
<p style="text-align: right;">46</p> <p>1 remember what it is off the top of my head, so we 2 will just stick with those two. 3 And the president's lack of support would 4 refer to, you know, particularly, you know, the 5 allegation that, you know, not just the allegation, 6 but as I understand, the fact that he went down to 7 meet with the APA and said the TWA pilots needed to, 8 quote, unquote, get real, undermining their 9 negotiating position. 10 So all of these sorts of actions, you know, I 11 just subsumed under one heading of failure to 12 support TWA pilots. 13 Q And do you have any information about 14 whether the APA would have changed its negotiating 15 position regarding seniority integration if ALPA had 16 done any of those things? 17 A I'm sorry. Can you ask the question 18 again? 19 Q Do you have any information about 20 whether the APA would have changed its negotiating 21 position regarding seniority integration if ALPA had 22 done any of those things? 23 A I do not. 24 Q Okay. In your analysis, you relied 25 substantially on information you derived from the</p>	<p style="text-align: right;">48</p> <p>1 Q Any other parts of the trial record 2 that you reviewed? 3 A Not in any substantial way, no. 4 Q Well, did you review parts of the 5 evidentiary record that are not cited in your 6 report? 7 A Did I review parts of the evidentiary 8 record that are not cited in the report? 9 Q That's the question. 10 A As I say, there is a lot of transcript 11 and, you know, if there was something that was 12 unclear from -- from Mike Day's testimony, or from 13 Allen Press's closing, or from Steve Fram's closing, 14 I may have done a word search to see if I could find 15 anything else in the record that would explain what 16 it was. But what I was looking for primarily was 17 just factual issues. So -- in -- in Allen's 18 closing, in Allen Press's closing the issues that he 19 listed I assumed were facts because they hadn't been 20 objected to. 21 Q Whatever your assumptions were, did you 22 consider reviewing the evidentiary record in its 23 entirety? 24 A Did I consider reviewing -- by which I 25 assume you mean read the entire transcript?</p>

12 (Pages 45 to 48)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">49</p> <p>1 Q Among other things, did you consider</p> <p>2 reading the entire transcript of the trial?</p> <p>3 A I did consider it.</p> <p>4 Q And why did you decide against that?</p> <p>5 A My understanding was the -- the most</p> <p>6 clear synopsis of both party's positions would be</p> <p>7 found in the closing arguments and in the charge to</p> <p>8 the jury. So if there was any --</p> <p>9 Q Any other reason that you decided not</p> <p>10 to review the entirety of the evidentiary record?</p> <p>11 A My main reason was that all the</p> <p>12 relevant facts that were in evidence would be</p> <p>13 brought out in the closing.</p> <p>14 Q That was your assumption?</p> <p>15 A That's correct.</p> <p>16 Q You said that was your main reason.</p> <p>17 Did you have any other reason for not reviewing the</p> <p>18 entire evidentiary record from the trial?</p> <p>19 A Other than just the sheer volume, no.</p> <p>20 Q You -- you talk in your report,</p> <p>21 starting at page three, about the various</p> <p>22 theoretical frameworks that you considered in your</p> <p>23 analysis. Do you recall that?</p> <p>24 A Yes.</p> <p>25 Q And one of those is what you described</p>	<p style="text-align: right;">51</p> <p>1 matter, did you read Walton and McKersie's book</p> <p>2 on behavior theory of labor negotiations?</p> <p>3 A I did not re-read it.</p> <p>4 Q And had you ever read the book in its</p> <p>5 entirety?</p> <p>6 A I -- I don't believe I have.</p> <p>7 Q Did you read, in connection with your</p> <p>8 work on this matter, particular sections of Walton</p> <p>9 and McKersie?</p> <p>10 A Only those sections that would have</p> <p>11 been repeated in Tracy and Peterson.</p> <p>12 Q Did you go back and get Walton and</p> <p>13 McKersie and look at it, or did you rely on the</p> <p>14 discussion of Walton and McKersie in Tracy and</p> <p>15 Peterson?</p> <p>16 A I relied on the discussion of Walton</p> <p>17 and McKersie in Tracy and Peterson.</p> <p>18 Q Other than the article by Tracy and</p> <p>19 Peterson, did you read anything else on behavioral</p> <p>20 theory in connection with your work on this matter?</p> <p>21 A In connection with this matter? Well,</p> <p>22 I mean, I refer frequently to Essentials of</p> <p>23 Negotiation and Getting the Yes. So whether I</p> <p>24 looked at those, looking for specifics that would</p> <p>25 help in this matter, I can't -- I can't recall. I</p>
<p style="text-align: right;">50</p> <p>1 as the behavioral theory of Walton and McKersie;</p> <p>2 correct?</p> <p>3 A That's correct.</p> <p>4 Q Do you consider yourself an expert on</p> <p>5 behavioral theory?</p> <p>6 A I do not.</p> <p>7 Q And prior to your work on this matter,</p> <p>8 had you read the article by Walton and McKersie that</p> <p>9 you cite in your report?</p> <p>10 A I believe I did in university. Walton</p> <p>11 and McKersie is -- is the basis for two of the most</p> <p>12 commonly used textbooks on negotiation that I'm</p> <p>13 aware of. One's called, Getting to Yes, and the</p> <p>14 other one called Fundamentals of Negotiation, which</p> <p>15 is used fairly widely in Canada. I don't know if it</p> <p>16 is here, but --</p> <p>17 Q So your -- do you have a recollection</p> <p>18 of having read this article before --</p> <p>19 A Well, it's a book. It is a book, and I</p> <p>20 will have certainly read some chapters from it in</p> <p>21 the past. I cited it mainly to say that this is</p> <p>22 their theory primarily because, you know, Tracy and</p> <p>23 Peterson refer to it extensively in their article,</p> <p>24 that being primarily about Walton and McKersie.</p> <p>25 Q In connection with your work on this</p>	<p style="text-align: right;">52</p> <p>1 read them all the time, so --</p> <p>2 Q You read what all the time?</p> <p>3 A Essentials of Negotiation. I</p> <p>4 frequently pick that one up. I get a journal at the</p> <p>5 office called Negotiation Journal which, you know,</p> <p>6 gets -- gets reviewed frequently. Whether I was</p> <p>7 reading a particular article while this -- this work</p> <p>8 was ongoing, it is most likely. So, but, you know,</p> <p>9 did I read it specifically with an intention of</p> <p>10 using it in this? Possibly not.</p> <p>11 Q When I reviewed your report, I didn't</p> <p>12 see any -- any other materials that you cited that</p> <p>13 had to do with behavioral theory. Is there</p> <p>14 something you can point me to in your report other</p> <p>15 than the Tracy and Peterson article that you</p> <p>16 actually read in connection with this matter that</p> <p>17 concerns behavioral theory?</p> <p>18 A No. Just Tracy and Peterson.</p> <p>19 Q And how, specifically, did you use</p> <p>20 behavioral theory to analyze the effect ALPA's</p> <p>21 actions would have had on the seniority</p> <p>22 integration -- on the seniority negotiations in this</p> <p>23 case?</p> <p>24 A Well, the behavioral theory, you know,</p> <p>25 which has its four main parts, descriptions of what</p>

13 (Pages 49 to 52)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">53</p> <p>1 occurs in negotiations. And so there is 2 distributive bargaining, integrated bargaining, 3 attitudinal structure, and intra-organizational 4 bargaining. 5 When reviewing this case, that provided the 6 useful framework for saying what would particular 7 actions have done had they been successful in -- or 8 not successful, had they been -- had they been 9 brought into the negotiation in some way. And so 10 would, for instance, you know, a jump seat war, what 11 would have that done to the dynamics of a 12 distributed bargaining situation, this one being a 13 simple, like how big a piece of the pie do you get 14 when you are in negotiations? 15 So Walton and McKersie, you know, provides, 16 you know, a structure in which to analyze what goes 17 on in negotiations. So their behavioral theory of 18 negotiation was quite useful in analyzing what would 19 have occurred in the negotiation had there been more 20 representation of the TWA pilots' interests. 21 Q Is there any aspect of behavioral 22 theory which tells you what the result would have 23 been in negotiations had different strategies been 24 pursued? 25 A Sorry. Can I -- can I get you to ask</p>	<p style="text-align: right;">55</p> <p>1 Q It's on page three. Do you see the 2 second to the last paragraph on the page? You say, 3 according to Walton and McKersie, a settlement range 4 is determined by expected utility calculations that 5 weigh the benefits of the settlement against the 6 cost of failing to obtain -- 7 A Yes, I have it now. Thank you. 8 Q And what was the cost to the APA of 9 failing to reach an agreement here? 10 A In the absence of any of the strategies 11 available to ALPA having been pursued, there was no 12 cost. 13 Q And what was the cost -- 14 A And had those cost -- had those 15 strategies been pursued, then the cost would have 16 been potentially litigation cost. You know, the 17 cost primarily being one of risk of the process 18 being taken out of their hands and put in some sense 19 in some others. So I would probably characterize 20 the cost more as one of risk than of, you know, 21 financial cost. 22 Q And in a situation where the APA 23 retained the ability to make a unilateral 24 determination of seniority integration, in those 25 circumstances, what would the cost to the APA have</p>
<p style="text-align: right;">54</p> <p>1 that question again? 2 Q Yeah. The question is, is there any 3 aspect of behavioral theory which tells you what the 4 result would have been in negotiations had different 5 strategies been pursued? 6 A Well, certainly, if you mean by 7 strategies you mean just generic strategies, that's 8 what the entire work is about. I mean, if you mean 9 a particular strategy from this case, then no. 10 Q Does behavioral theory provide any 11 mechanism for predicting what the results of a 12 negotiation would have been had the circumstances 13 been different? 14 A Well, no. It's -- it's largely 15 descriptive. 16 Q You also reference something you call 17 the expected utility theorem in your work; correct? 18 A That's correct. 19 Q And you say in your report that a 20 settlement range is determined by expected utility 21 calculations that weigh the benefits of the 22 settlement against the cost of failing to obtain an 23 agreement. 24 A Sorry. Where -- where -- where are you 25 looking?</p>	<p style="text-align: right;">56</p> <p>1 been of failing to reach an agreement with the -- 2 A Well, again, that's presuming the 3 success or failure of a particular strategy and not 4 whether or not -- whether pursuing that strategy 5 increases the risk to the APA that they would fail. 6 Q Whether you think that's the right 7 inquiry or not, can you answer my question? 8 A I think I just did. That would be the 9 increased cost, would be the increased risk. 10 Q And what risk would there be to the APA 11 if it maintained the ability to make a unilateral 12 determination of seniority integration? 13 A But as I said, that would be -- that 14 would be a hindsight reality. That wouldn't be a -- 15 the litigation, for instance, having been brought, 16 there is now a risk there. There is no way that the 17 APA can -- cannot have a risk. So the cost is 18 there. You are talking about a strategy having 19 failed. Then it fails. The APA can do whatever 20 they want. Then there is no risk, further risk of 21 it being taken out of their hands. So -- but that's 22 not the risk in the negotiation. That's not the 23 risk while they are negotiating. 24 Q And how did you use expected utility -- 25 the expected utility theorem to analyze the effect</p>

14 (Pages 53 to 56)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">57</p> <p>1 of ALPA's actions on seniority negotiations with the 2 APA?</p> <p>3 A Primarily just in terms of the setting 4 up a range of potential outcomes. There was no 5 further attempt to try and come up with an expected 6 utility function for the APA. However, expected 7 utility theory is used frequently in -- in trying to 8 analyze bargaining situations and negotiation 9 situations. So someone mentioned Haji Mehta [sic], 10 but I didn't think it was appropriate in this 11 instance.</p> <p>12 Q You didn't think what was appropriate 13 in this instance?</p> <p>14 A Expected utility theory.</p> <p>15 Q So you didn't use it?</p> <p>16 A Well, beyond -- beyond setting up a 17 minimum and a maximum range of acceptable 18 settlement.</p> <p>19 Q Does the expected utility theorem 20 prescribe a methodology for predicting what the 21 results of a negotiation will be?</p> <p>22 A Well, that would be -- the difficulty 23 is, it doesn't.</p> <p>24 Q And you mention, in connection with the 25 expected utility theorem, something called a Nash</p>	<p style="text-align: right;">59</p> <p>1 subjective judgments and not try and bury them in a 2 model since those models don't prescribe how you 3 would assess the risk.</p> <p>4 Q And is the relevant inquiry with 5 respect to the impact of risk on the negotiations 6 the APA's perception of the risk to which it was 7 subject?</p> <p>8 A Sorry. Can I get you to ask that 9 again?</p> <p>10 Q Yeah. Is the relevant inquiry with 11 respect to how risk would affect the negotiations 12 the APA's perception of the risk to which it was 13 subject?</p> <p>14 A Their perception of the risk would be 15 meaningful, however, with some qualifications. You 16 know, if I -- if I am in a situation where, like the 17 APA, and litigation has been launched, now I may 18 think that there is no possibility it is going to 19 succeed, and so my perception of the risk is at odds 20 with the risk itself because, you know, someone else 21 may very well think it's got a hundred percent risk. 22 But the risk is there and it has to be factored in. 23 So, you know, there is -- there is lots of evidence 24 showing that people systematically have a bias to 25 underestimate or overestimate risks in litigation.</p>
<p style="text-align: right;">58</p> <p>1 equilibrium; is that correct?</p> <p>2 A Correct.</p> <p>3 Q And does the Nash equilibrium assume a 4 game with repeat players?</p> <p>5 A Well, you are asking me specifics of 6 the Nash theorem that, you know, I'm not sure I can 7 answer. So I believe it is a repeated game with the 8 same players.</p> <p>9 Q And the negotiation between the APA and 10 the TWA MEC, did you view that as analogous to a 11 repeat game?</p> <p>12 A I -- I didn't view it as a game at all. 13 You know, the Nash theorem -- well, the Nash theorem 14 proves that there are optimal points within a range 15 at which parties can do no better than a settlement. 16 The problem is, is that similar to the problem with 17 expected utility, is you have to have some 18 subjective judgments about what the relative payoffs 19 are and what the relative costs would be at various 20 points.</p> <p>21 And the cost at this case, as I said, is one 22 of risk more than actual cost because you don't know 23 what the outcome is going to be. And coming up with 24 a value for -- for risk is inherently subjective. 25 So my decision was to just go ahead and make those</p>	<p style="text-align: right;">60</p> <p>1 So, one, you know, you have to assume that at 2 every point that the APA would be underestimating 3 the risk, but you would have to assume that they are 4 also being rational, and they're taking it into 5 account and not dismissing it entirely. So, you 6 know, certainly that's part of the whole manner in 7 which we -- we looked at the probabilities that 8 particular actions would have moved them at all.</p> <p>9 Q So would you agree that if the APA 10 didn't perceive a risk, that it couldn't be 11 influenced by that risk?</p> <p>12 A Well, again, I have to assume they are 13 acting irrationally, and if they have underestimated 14 the risk -- we have to assume they are going to 15 underestimate the risk because people systematically 16 do, so --</p> <p>17 Q I'm not talking about underestimation 18 of risk. I'm talking about a situation in which the 19 APA doesn't perceive any risk for whatever reason. 20 Would you agree that -- would you agree that 21 its negotiation position could be influenced by a 22 risk that it doesn't perceive?</p> <p>23 A Only to the extent that that would -- 24 that would run counter to rationality. If -- if 25 there is a demonstrable risk that exists and someone</p>

15 (Pages 57 to 60)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">61</p> <p>1 considers that risk to have zero impact or zero 2 importance in their negotiation, then you have to 3 consider that they are not -- they are not acting 4 rationally. And so all the models that I know of 5 assume that people are acting rationally. So -- so, 6 you know, again, this is a somewhat difficult 7 question to answer. 8 Q Just so the transcript is clear, the 9 prior questions I've been asking whether the witness 10 would agree that if the APA didn't perceive a risk, 11 it could not be influenced by the risk, and I think 12 the question didn't -- didn't get the not. Did you 13 understand my question to be, if the APA didn't 14 perceive a risk, it could not be influenced by that 15 risk? 16 A If the APA could not perceive the risk? 17 Q If it did not perceive the risk. 18 A If it was not aware of the risk. 19 Q If it was unaware of the risk, would 20 you agree that it could not have been influenced by 21 that risk with respect to its position on seniority 22 integration? 23 A Now, when you say unaware of the risk, 24 you mean completely unaware that it even existed, 25 that a strategy was -- was being put into place?</p>	<p style="text-align: right;">63</p> <p>1 Q And -- and that's on both sides of the 2 equation; correct? 3 A That's correct. 4 Q So plaintiffs may systematically 5 overestimate their likelihood of success; correct? 6 A Correct. 7 Q And defendants may systematically 8 underestimate their likelihood of failure; correct? 9 A Underestimate, but not ignore. 10 Q Did you take into account in your 11 analysis the impact of egocentric bias on risk 12 perception by both sides? 13 A I did. 14 Q How did you do that? 15 A In deriving the probabilities that 16 particular actions would have had on the 17 negotiation, I used values that were lower than I 18 might otherwise use -- I had not -- had I not 19 believed that that risk existed or that bias 20 existed. So, for instance, if I thought that there 21 was no systematic bias, the probability that a 22 particular action would have had on achieving the 23 damage model would have been higher. Given that 24 that systematic risk does exist, I used lower 25 values.</p>
<p style="text-align: right;">62</p> <p>1 I mean, I would agree that if they didn't know 2 something wasn't going on, they wouldn't be 3 influenced by it. And if they systematically, as we 4 know, underestimated the importance of the risk or 5 the risk itself, I would disagree because I think, 6 as soon as someone can perceive a risk, they -- they 7 have to be behaving in accordance with the fact that 8 that risk exists. 9 Q So I mean to encompass in my question 10 both situations where the risk wasn't perceived 11 because there was no awareness of a risk, or a 12 situation in which there is an awareness of a 13 strategy but no perception of risk attached to it. 14 A I would agree with the former and 15 disagree with the latter. 16 Q Okay. And did you take, what you 17 talked about as -- well, withdrawn. 18 Lowenstein, in his article, talks about the 19 concept of egocentric bias; correct? 20 A That's correct. 21 Q And is that what you've been referring 22 to in your prior answers? 23 A His -- his would be one, yes. A 24 systematic bias against the likelihood of -- of 25 success in -- in litigation and conflict, yes.</p>	<p style="text-align: right;">64</p> <p>1 Q And you did that without any actual 2 information on the APA's perception of the risks to 3 which it was subject; correct? 4 A My -- my assumption is that the risks 5 would be considerably less than the estimation of 6 the TWA pilots of the success of particular 7 strategies, so it would be less. It would be less 8 impactful in the negotiation. 9 Q Can you answer my question? You 10 assigned probabilities in your chart -- 11 A Lower probabilities. 12 Q -- without the benefit of any actual 13 information about how the APA perceived the risk 14 associated with any of those strategies; correct? 15 A That's correct. 16 Q Now, you also reference in your 17 analysis something called negotiation decision 18 analysis. Do you recall that? 19 A Yes. 20 Q And what was the relevance of 21 negotiation and decision analysis for your report? 22 A Well, many of the strategies that were 23 brought out at trial that ALPA had failed to 24 undertake would have functioned in the negotiation 25 in a way that would have involved other parties,</p>

16 (Pages 61 to 64)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">65</p> <p>1 would have brought others into the negotiation, and 2 I needed some way in which I could evaluate the 3 importance of that. 4 Now, I know the work of Lax and Sebenius, and 5 Lax alone, have written about decision analysis and 6 the importance, or sort of the -- not the -- 7 importance, I think, is the wrong word -- but the -- 8 the impact of strategies that occur away from the 9 table. So in a direct negotiation where you are 10 face-to-face, the ability to create alternative 11 strategies and to bring other players into the 12 dispute have some importance. And so Lax and 13 Sebenius, in their decision analysis concept, was 14 useful for analyzing the actions that ALPA failed to 15 take. 16 Q And does negotiation and decision 17 analysis prescribe any methodology that would allow 18 you to predict the outcome of negotiations? 19 A Other than better or worse, no. I 20 mean, it does say that certain types of actions 21 should lead, when you are dealing with rational 22 negotiating partners, to better or worse outcomes. 23 But it doesn't prescribe, you know, particular ways 24 of quantifying that. 25 Q Now, do you consider yourself an expert</p>	<p style="text-align: right;">67</p> <p>1 otherwise becomes crucial. The party's best 2 alternatives without agreement imply the limits to 3 any agreement. For each side the basic task of any 4 proposed joint agreement is whether it offers higher 5 subjective worth than that side's best course of 6 action absent agreement. 7 Do you see that? 8 A Yes. 9 Q Okay. Is there some way that you can 10 conceive of here that a joint agreement between the 11 TWA MEC and the APA would have produced greater 12 value to the APA than an agreement it imposed 13 unilaterally? 14 A Yes. 15 Q And how would that happen? 16 A The TWA -- the APA wanted to have a 17 fair integration. So at the end of the day, the 18 failure to negotiate an agreement resulted in one 19 that wasn't fair, that was perceived as unfair. And 20 so, in my view, a fair agreement would have been a 21 superior outcome for the APA pilots. 22 Q And do you have an understanding of 23 what metric the APA was using to determine whether 24 its proposals were fair? 25 A I do not.</p>
<p style="text-align: right;">66</p> <p>1 on the expected utility theorem? 2 A I do not. 3 Q Do you consider yourself an expert on 4 negotiation and decision analysis? 5 A Familiar, but I wouldn't call myself an 6 expert. 7 Q And prior to your work on this matter, 8 had you read this article by Lax and Sebenius? 9 A I -- I don't know about this particular 10 article. Lax and Sebenius write frequently, so 11 their -- their decision analysis framework pops up 12 in Negotiation Journal not infrequently, so it's-- 13 it's conceivable, but I don't remember the first 14 time I read it. I -- I don't think it was for this 15 particular one, this article. There are two 16 articles; one by Lax and one by Sebenius and -- I'm 17 sorry, one by just Sebenius -- so it may be the Lax 18 and Sebenius one I read for the first time here, and 19 the Sebenius one I've read prior. 20 Q In the block quote you have on page 21 four of your report, do you see it says under -- 22 when you're describing the third framework, if one 23 characterizes negotiation as an interactive process 24 by which two or more people seek jointly or 25 cooperatively than they could otherwise, then the</p>	<p style="text-align: right;">68</p> <p>1 Q And do you know whether they were using 2 the same metrics for fairness that you used in your 3 analysis? 4 A Well, they -- they likely wouldn't have 5 because negotiations were truncated. I mean, in the 6 process of negotiating fairness in pilot seniority, 7 there is a whole education process that goes on when 8 negotiations are intensified. And so notions of 9 fairness are very dynamic and change quite 10 frequently, so -- 11 Q I'm not asking you to speculate on what 12 you think the APA might have used. I'm asking if 13 you know as a matter of empirical fact whether the 14 APA was using the same metrics for fairness that you 15 used in your analysis. 16 MR. JACOBSON: Objection. Asked and 17 answered. 18 THE WITNESS: They used some metrics 19 for constructing the list and had objectives for 20 why. I don't know that that actually represents the 21 metrics they used for evaluating fairness. In fact, 22 I expect they are not. So I'm going to have to say 23 I'm not aware of what metrics they did use. 24 BY MR. TOAL: 25 Q And so I -- I take it you can't say</p>

17 (Pages 65 to 68)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">69</p> <p>1 whether, when you tried to come up with a list that</p> <p>2 you considered fair, you used the same metrics that</p> <p>3 the APA used in coming up with a list that it</p> <p>4 presented as fair; correct?</p> <p>5 A That's correct.</p> <p>6 Q And in your analysis, were you taking</p> <p>7 into account this language from Lax and Sebenius</p> <p>8 which says, the party's best alternatives without</p> <p>9 agreement imply the limits to any agreement?</p> <p>10 A Yes.</p> <p>11 Q So does your analysis place, as an</p> <p>12 upper bound on any seniority list that could have</p> <p>13 been obtained, what the APA's best alternatives were</p> <p>14 without agreement?</p> <p>15 A Sorry. What? Does the --</p> <p>16 Q Does your analysis place as an upper</p> <p>17 bound on any seniority list that could have been</p> <p>18 achieved here what the APA's best alternatives were</p> <p>19 without an agreement with the TWA MEC?</p> <p>20 A Well, their best alternative has to be</p> <p>21 considered in two different ways. One is that</p> <p>22 anyone's best alternative to -- to a negotiated</p> <p>23 agreement has to be taken -- the timing of the</p> <p>24 agreement has to be considered. So, in hindsight --</p> <p>25 I will have to give an example.</p>	<p style="text-align: right;">71</p> <p>1 than that. So that's what a rational person would</p> <p>2 do.</p> <p>3 Q Would you expect in this situation that</p> <p>4 the APA would discount the risk associated with</p> <p>5 seniority integration ending up in arbitration by</p> <p>6 its perception of the likelihood that that would</p> <p>7 happen?</p> <p>8 A It is a little abstract because of the</p> <p>9 -- you know, these courses of action weren't</p> <p>10 followed, and so we don't really have any direct</p> <p>11 information about how they would have assessed the</p> <p>12 risk.</p> <p>13 Q Is that what a rational party would</p> <p>14 have done, tried to assess the risk of seniority</p> <p>15 integration ending up in arbitration and trying to</p> <p>16 assess the outcome if that happened?</p> <p>17 A I -- I would imagine that's what</p> <p>18 rational -- a rational party would do, yes.</p> <p>19 Q And did you make any sort of</p> <p>20 probabilistic assessment of the likelihood of ending</p> <p>21 up in arbitration and what the expected result was</p> <p>22 of arbitration?</p> <p>23 A Again, that's presumed, and I made no</p> <p>24 presumptions about whether a particular strategy</p> <p>25 would have failed or succeeded.</p>
<p style="text-align: right;">70</p> <p>1 If there is ongoing litigation and two parties</p> <p>2 are trying to come to an agreement, they may agree,</p> <p>3 you know, that one party that gets 60 percent of the</p> <p>4 pie and one party gets 40 percent of the pie because</p> <p>5 they don't really want to roll the dice on the</p> <p>6 outcome of that litigation going against them. So</p> <p>7 their best alternative is often to settle at a point</p> <p>8 at which they think will be superior to the outcome</p> <p>9 if this other litigation strategy succeeds.</p> <p>10 So, you know, now if -- if you take it</p> <p>11 further, you can say, well, if they agree but then</p> <p>12 they find out the decision would have been</p> <p>13 otherwise, in hindsight, you can say, well, we would</p> <p>14 have been better off just rolling the dice because</p> <p>15 now we know that we would have won the suit. But</p> <p>16 when you are talking about a best alternative in</p> <p>17 this context, you are saying a best alternative that</p> <p>18 eliminates the risk of a particular other strategy</p> <p>19 succeeding.</p> <p>20 So, yeah, it is taken into account that people</p> <p>21 will act rationally and say, look, if I can -- if I</p> <p>22 can agree to something better than I think any</p> <p>23 arbitrator would reasonably give, then I'm better</p> <p>24 off agreeing to that than taking a chance that this</p> <p>25 ends up in an arbitration and I end up getting worse</p>	<p style="text-align: right;">72</p> <p>1 Q So did you not undertake any sort of</p> <p>2 probabilistic analysis of the sort I just described?</p> <p>3 A I -- I think I said earlier that I had</p> <p>4 no way of knowing what the likely outcome of</p> <p>5 pursuing a strategy would have been.</p> <p>6 Q So is the answer, that's right, I</p> <p>7 didn't undertake a probabilistic analysis?</p> <p>8 A That's right. No, I did not.</p> <p>9 THE WITNESS: Could we take a break?</p> <p>10 It's 11:00 something here.</p> <p>11 MR. TOAL: Yeah. Sure. We'll go off</p> <p>12 the record.</p> <p>13 VIDEO SPECIALIST: It is now 11:06 and</p> <p>14 we are going off the video record.</p> <p>15 (Brief recess.)</p> <p>16 VIDEO SPECIALIST: The time is now</p> <p>17 11:33 and we are back on the video record.</p> <p>18 BY MR. TOAL:</p> <p>19 Q Mr. Salamat, would the American</p> <p>20 Airlines pilots have been better off under</p> <p>21 Supplement CC than any of the lists that you propose</p> <p>22 in your report?</p> <p>23 A By what measure?</p> <p>24 Q In terms of their seniority ranking?</p> <p>25 A Their seniority ranking under</p>

18 (Pages 69 to 72)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">73</p> <p>1 Supplement CC would have been better than --</p> <p>2 Q In terms of their promotional</p> <p>3 expectations, would they have been better off under</p> <p>4 Supplement CC than any of the lists you propose?</p> <p>5 A Yes.</p> <p>6 Q In terms of the exposure to furlough,</p> <p>7 would the American pilots have been better off under</p> <p>8 Supplement CC than any of the lists that you</p> <p>9 proposed?</p> <p>10 A Yes.</p> <p>11 Q Now, the fourth framework that you talk</p> <p>12 about is focused on persuasion, and you say, borrows</p> <p>13 from research and negotiation, decision theory and</p> <p>14 law; correct?</p> <p>15 A Yes.</p> <p>16 Q And the academic support that you rely</p> <p>17 upon for that framework is the work of Sycara;</p> <p>18 correct?</p> <p>19 A Yes.</p> <p>20 Q Anything else?</p> <p>21 A No. Just Sycara.</p> <p>22 Q Now, at the bottom, toward the bottom</p> <p>23 of page four, second to the last paragraph, you say,</p> <p>24 behavioral theory, expected utility game theory.</p> <p>25 A I'm sorry. Okay, yes. I have it, yes.</p>	<p style="text-align: right;">75</p> <p>1 A I -- I said I can't identify one that</p> <p>2 --</p> <p>3 Q I took your answer to be that you</p> <p>4 couldn't identify off the top of your head as you</p> <p>5 sat here today?</p> <p>6 A Yes.</p> <p>7 Q But in the course of your work, did you</p> <p>8 identify any academic writings that identify an</p> <p>9 intersection between these various frameworks?</p> <p>10 A Well, certainly between expected</p> <p>11 utility and game theory. Between behavioral theory</p> <p>12 and game theory, or behavioral theory and expected</p> <p>13 utility, I can't think of one, no.</p> <p>14 Q Now do these fields, either</p> <p>15 individually or collectively, prescribe a</p> <p>16 methodology pursuant to which you could predict the</p> <p>17 likelihood that two parties to a negotiation would</p> <p>18 reach an agreement?</p> <p>19 A No.</p> <p>20 Q And do these frameworks, either</p> <p>21 individually or collectively, prescribe a</p> <p>22 methodology pursuant to which you could predict the</p> <p>23 content of any agreement that would be reached</p> <p>24 between two parties to a negotiation?</p> <p>25 A It can predict where parties would</p>
<p style="text-align: right;">74</p> <p>1 Q And the analysis of persuasion all</p> <p>2 overlap in some regards. In what -- what regards do</p> <p>3 these frameworks overlap?</p> <p>4 A Well, behavioral -- expected utility,</p> <p>5 you know, predicated game theory, and so it is --</p> <p>6 quantitative analysis of outcomes is, I think,</p> <p>7 fundamental to game theory. Behavioral theory, to</p> <p>8 the extent that it is decomposing the actions taken</p> <p>9 in negotiations and analyzing them with a framework</p> <p>10 overlaps with game theory in that, you know, it is</p> <p>11 -- it's trying to analyze the importance or the</p> <p>12 impact of various strategies within a negotiation.</p> <p>13 So they are all concerned with analyzing the</p> <p>14 situations where there is indeterminate outcomes of</p> <p>15 particular courses of action, so I would say that's</p> <p>16 the -- the fundamental way in which they overlap.</p> <p>17 Q Now, are you aware of any academic work</p> <p>18 that identifies an intersection between behavioral</p> <p>19 theory, expected utility game theory, and the</p> <p>20 analysis or persuasion?</p> <p>21 A I can't, off the top of my head, think</p> <p>22 of one that, you know, goes on to -- that analyzes</p> <p>23 those overlaps, no.</p> <p>24 Q And did you identify one in connection</p> <p>25 with your work on this matter?</p>	<p style="text-align: right;">76</p> <p>1 reach an agreement if they were behaving rationally</p> <p>2 and you could know everything about all the</p> <p>3 potential risks. That would be -- you know, utility</p> <p>4 theory and game theory would do that. But, again,</p> <p>5 that's predicated on knowing the probabilities of</p> <p>6 outcomes, which in this situation, can't be known.</p> <p>7 So they could, but not in this situation.</p> <p>8 Q Now, if you had concluded in your</p> <p>9 analysis the likelihood of an agreement being</p> <p>10 reached was below 50 percent, would that have</p> <p>11 affected your damage analysis in any way?</p> <p>12 A Yes.</p> <p>13 Q How would it have affected your</p> <p>14 analysis?</p> <p>15 A If it had come below 50 percent, then</p> <p>16 it would have been less probable that that would</p> <p>17 have been an outcome of a negotiated agreement.</p> <p>18 Q Did you run any analyses of the</p> <p>19 probability of an agreement being reached that used</p> <p>20 numbers different than those that appear in figure</p> <p>21 three?</p> <p>22 A For the -- for what I call the minimal</p> <p>23 model, I did use different numbers to do an</p> <p>24 assessment, but not -- I didn't use any different</p> <p>25 numbers to do an assessment of the damage model,</p>

19 (Pages 73 to 76)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">77</p> <p>1 other than for testing purposes.</p> <p>2 Q Including for testing purposes, did you</p> <p>3 ever run an analysis of the probabilities that are</p> <p>4 set forth in figure three using numbers different</p> <p>5 than those that appear in figure three?</p> <p>6 A Only for testing.</p> <p>7 Q And did you run that analysis using</p> <p>8 numbers that were lower than those that appear in</p> <p>9 figure three?</p> <p>10 A Again, only for testing.</p> <p>11 Q But you did do it for testing?</p> <p>12 A I did do it for testing, just basically</p> <p>13 to make sure that -- that the numbers were being</p> <p>14 added correctly and that the multipliers were</p> <p>15 working correctly.</p> <p>16 Q Why did you have to test whether the</p> <p>17 numbers were being added correctly?</p> <p>18 A Well, frequently what happens is you</p> <p>19 have a total, 73 percent, that is missing one of the</p> <p>20 component numbers. So you change all the numbers</p> <p>21 one at a time and make sure the numbers change,</p> <p>22 check the formula. It is testing. It is not</p> <p>23 anything more than that.</p> <p>24 Q Do you have Katia Sycara's article in</p> <p>25 front of you?</p>	<p style="text-align: right;">79</p> <p>1 that list -- that's listed is number nine, threats</p> <p>2 and promises. Do you see that?</p> <p>3 A I do.</p> <p>4 Q Now, are the strategies that you list</p> <p>5 that ALPA had available to it appropriately --</p> <p>6 appropriately classified as threats and promises?</p> <p>7 A I don't think I would categorize them</p> <p>8 that way. They could be threats, if you threatened</p> <p>9 to do it. If you actually undertake the action, it</p> <p>10 is no longer a threat. You've taken it.</p> <p>11 Q Well, is the idea with the strategies</p> <p>12 that you say ALPA had available to it, that</p> <p>13 implementation of the strategy would threaten some</p> <p>14 interest of the APA and thereby make it more willing</p> <p>15 to compromise?</p> <p>16 A I think we are talking about two</p> <p>17 different types of understandings of threat. One is</p> <p>18 a, I will do the following if you don't do X. And</p> <p>19 the other is, well, now I've done this and so there</p> <p>20 is a threat, which I would more probably refer to as</p> <p>21 a risk. What it sounds like you are talking about</p> <p>22 is a risk, not a threat.</p> <p>23 Q The strategies that you list that you</p> <p>24 say ALPA had available to it, was the goal of those</p> <p>25 strategies to affect the APA's behavior?</p>
<p style="text-align: right;">78</p> <p>1 A It's always the last place you look.</p> <p>2 Yes, I do.</p> <p>3 Q So let me direct your attention to page</p> <p>4 217.</p> <p>5 A 217, yes.</p> <p>6 Q Did you read this article in its</p> <p>7 entirety?</p> <p>8 A I did.</p> <p>9 Q Okay. And starting on 217, do you see</p> <p>10 that Professor Sycara sets forth a number of</p> <p>11 different categories of persuasive arguments that</p> <p>12 can be made?</p> <p>13 A Yes.</p> <p>14 Q And did you analyze whether the</p> <p>15 strategies that you set forth in your report that</p> <p>16 you indicate ALPA had available to it fell within</p> <p>17 any of these categories?</p> <p>18 A I mean, I considered these -- these</p> <p>19 categories when -- when -- when reviewing the</p> <p>20 actions that ALPA had taken, but I didn't use this</p> <p>21 framework in any systematic way. I did consider</p> <p>22 using it in a systematic way, but they -- the</p> <p>23 framework that she has further on in the article</p> <p>24 seemed more appropriate.</p> <p>25 Q Now, one of the persuasive arguments</p>	<p style="text-align: right;">80</p> <p>1 A It was.</p> <p>2 Q Was the goal of those strategies to</p> <p>3 affect the APA's belief structure?</p> <p>4 A I don't believe that's the goal of the</p> <p>5 strategies. The -- let's -- let's go back to the</p> <p>6 first question again. Maybe -- maybe I -- maybe I</p> <p>7 spoke too quickly. What was the first question?</p> <p>8 Q I'm not sure what you are referring to</p> <p>9 as the first question.</p> <p>10 A The question just prior to the one that</p> <p>11 you are asking now.</p> <p>12 Q Was the goal of those strategies to</p> <p>13 affect the APA's behavior?</p> <p>14 A Indirectly, I'm going to have to say.</p> <p>15 I mean, the goal of those strategies, some, for</p> <p>16 instance, we know was to potentially affect the</p> <p>17 APA's action in an indirect way but, you know, the</p> <p>18 -- the legal strategy was to gain power in the</p> <p>19 negotiation, not to immediately force the APA to do</p> <p>20 something. However, having gained more power in the</p> <p>21 negotiation, it would have changed the perception of</p> <p>22 the TWA pilots and so, by extension, it would have</p> <p>23 changed the behavior of the APA. So I think I spoke</p> <p>24 a little too quickly when I said that wasn't the</p> <p>25 goal of the strategy, or not all of them in any</p>

20 (Pages 77 to 80)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">81</p> <p>1 case. Something like the jump seat war certainly</p> <p>2 would have been -- the goal there would have been to</p> <p>3 change the behavior of the APA.</p> <p>4 Q Now how do you go about determining in</p> <p>5 your analysis whether a particular action should be</p> <p>6 classified as changing the importance the APA</p> <p>7 attached to a goal versus changing the APA's</p> <p>8 perception of the goal's value, versus causing the</p> <p>9 APA to abandon the goal?</p> <p>10 A Largely subjective judgment based on</p> <p>11 the action that's considered, and so this -- you</p> <p>12 know, is exactly the -- the subjective element of</p> <p>13 analyzing this situation that I spoke about when I</p> <p>14 said that, rather than couching those kind of</p> <p>15 judgments within -- within an expected utility</p> <p>16 model, best just to have them as subjective</p> <p>17 judgments and say these are the probabilities that</p> <p>18 I, in my experience, have assigned to these</p> <p>19 particular courses of action.</p> <p>20 Q Take a look at page 223 of Professor</p> <p>21 Sycara's article.</p> <p>22 A Yes.</p> <p>23 Q You see a little further than halfway</p> <p>24 down the page, right above the indented A and B,</p> <p>25 Professor Sycara indicates two argument strategies</p>	<p style="text-align: right;">83</p> <p>1 to this intended to represent the goal structure of</p> <p>2 the APA?</p> <p>3 A No, I did not.</p> <p>4 Q And so you talked about fairness as</p> <p>5 being what you represented as the goal of the APA;</p> <p>6 is that correct?</p> <p>7 A That's their stated goal.</p> <p>8 Q And for purposes of your analysis, you</p> <p>9 were assuming that that was the only goal of the</p> <p>10 APA?</p> <p>11 A I assume it was the main goal of the</p> <p>12 APA.</p> <p>13 Q Did you delineate any other goals of</p> <p>14 the APA?</p> <p>15 A Well, obviously, their own career</p> <p>16 preservation would have been one goal. Fairness</p> <p>17 would have been the other.</p> <p>18 Q Whose view of fairness are you using</p> <p>19 when you discuss fairness as being a goal of the</p> <p>20 APA?</p> <p>21 A It would have been their view of</p> <p>22 fairness. But as I -- as I stated earlier, the view</p> <p>23 of fairness changes frequently.</p> <p>24 Q So are you using some writing from the</p> <p>25 APA to try to identify the APA's view of fairness?</p>
<p style="text-align: right;">82</p> <p>1 can be used to accomplish the first goal (change the</p> <p>2 importance of an issue). Do you see that?</p> <p>3 A Yes.</p> <p>4 Q And below that she indicates that one</p> <p>5 of the ways (A) is to indicate a change, increase or</p> <p>6 decrease in the contribution of the present goal to</p> <p>7 a higher level goal of the persuadee. Do you see</p> <p>8 that?</p> <p>9 A Yes.</p> <p>10 Q And did you develop, as part of your</p> <p>11 analysis, a goal hierarchy for the APA?</p> <p>12 A The only goal hierarchy I developed was</p> <p>13 the objective of having a fair outcome. All --</p> <p>14 anything they would contribute to that, which would</p> <p>15 be an intense -- a more intensive negotiation, would</p> <p>16 be the only higher level goal than I believe I would</p> <p>17 have explicitly stated. So I'm not sure if that</p> <p>18 answers your question, because I'm --</p> <p>19 Q Take a look at page 232 of Professor</p> <p>20 Sycara's report.</p> <p>21 A 232. Yes, I have it.</p> <p>22 Q Do you see the figure three, partial</p> <p>23 belief structure of a union?</p> <p>24 A Yes.</p> <p>25 Q Did you create any diagram equivalent</p>	<p style="text-align: right;">84</p> <p>1 A Other than the changes in their</p> <p>2 proposals when they started off and they thought</p> <p>3 their first proposal was fair when it was markedly</p> <p>4 different from subsequently proposals, clearly their</p> <p>5 perception of fairness had been shifting. So I base</p> <p>6 my conclusion on their actions.</p> <p>7 Q And so, with respect to your view of</p> <p>8 the APA's view of fairness, were you trying to</p> <p>9 extrapolate and come up with what you thought the</p> <p>10 APA would have viewed as fair had ALPA done</p> <p>11 additional things?</p> <p>12 A I'm sorry. Could I get you to ask</p> <p>13 that -- that question a different way? I'm not sure</p> <p>14 I understood it.</p> <p>15 Q What I'm trying to understand, because</p> <p>16 you talked about the potential of fairness changing</p> <p>17 over time --</p> <p>18 A Yes.</p> <p>19 Q -- were you using some historical</p> <p>20 record of what the APA regarded as fair for purposes</p> <p>21 of your analysis when you identified fairness as a</p> <p>22 goal of the APA?</p> <p>23 A Their proposals and their response to</p> <p>24 the TWA proposals.</p> <p>25 Q Is there anything in the APA's</p>

21 (Pages 81 to 84)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">85</p> <p>1 proposals that led you to believe that the APA would</p> <p>2 have regarded as fair, a proposal that stapled only</p> <p>3 494 TWA pilots to the bottom of the list?</p> <p>4 A Well, given that their goal was to</p> <p>5 protect sustainable captain jobs, they had a goal to</p> <p>6 protect jobs. So, therefore, I conclude from that,</p> <p>7 that preserving some of the TWA pilots' career</p> <p>8 expectations was something that they considered both</p> <p>9 important and fair.</p> <p>10 Q So my question is, did you have any</p> <p>11 information from the APA indicating that it would</p> <p>12 have viewed a proposal that stapled only 494 TWA</p> <p>13 pilots as fair?</p> <p>14 A We know what they considered fair.</p> <p>15 Whether some hypothetical other situation would have</p> <p>16 been considered fair in a more intensive</p> <p>17 negotiation, I don't have any information about</p> <p>18 that. All I can -- all I can say definitively is</p> <p>19 that they were attempting to be fair.</p> <p>20 Q And do you have any information about</p> <p>21 whether the APA would view -- would have viewed any</p> <p>22 of your proposed alternative seniority integration</p> <p>23 lists as meeting its definition of fairness?</p> <p>24 A At -- at certain points in time, I</p> <p>25 believe they would have thought them not fair.</p>	<p style="text-align: right;">87</p> <p>1 meaningful negotiation, you have to assume that</p> <p>2 they've arrived at that higher level goal somewhat</p> <p>3 egotistically, and so that their self-interest is</p> <p>4 more likely to exert itself than it would be in an</p> <p>5 intensive negotiation, so I hope that answers your</p> <p>6 question. It was kind of a long way around, but --</p> <p>7 Q You assume for purposes of your</p> <p>8 analysis that the APA had an interest in protecting</p> <p>9 the promotional opportunities of the American</p> <p>10 Airlines pilots?</p> <p>11 A Yes.</p> <p>12 Q Do your lists protect the promotional</p> <p>13 opportunities of American Airline pilots relative to</p> <p>14 what they would have been absent the transaction?</p> <p>15 A I did not look at their -- their career</p> <p>16 prospects absent the transaction.</p> <p>17 Q Do you have any reason to believe that</p> <p>18 the APA would have agreed to any list that did not</p> <p>19 preserve the promotional opportunities of the</p> <p>20 American Airlines pilots relative to what they would</p> <p>21 have been absent the transaction?</p> <p>22 A Do I have any reason to believe that --</p> <p>23 Q -- that the APA would have agreed to</p> <p>24 any seniority integration list that failed to</p> <p>25 preserve the promotional expectations of the</p>
<p style="text-align: right;">86</p> <p>1 Q And do you have any information</p> <p>2 suggesting that at any other point in time they</p> <p>3 would have regarded any of the proposals set forth</p> <p>4 in your report as fair?</p> <p>5 A I have -- I have no information that</p> <p>6 they would have, no.</p> <p>7 Q So with respect to item (A) in</p> <p>8 Professor Sycara's article --</p> <p>9 A I'm sorry. Which page are you on?</p> <p>10 Q Still on 223.</p> <p>11 A 223. Item (A).</p> <p>12 Q So for item (A), how are you defining</p> <p>13 the present goal and the higher level goal of the</p> <p>14 APA?</p> <p>15 A Well, the present goal is -- is going</p> <p>16 to be in some way tied much closer to the actual</p> <p>17 construction of the seniority list, whereas the</p> <p>18 higher level goal is fairness, and labor relations,</p> <p>19 peace and brotherhood. So to the extent that</p> <p>20 stapling a particular number of pilots either</p> <p>21 contributes to or takes away from that goal, you</p> <p>22 have to look at the extent to which, you know, that</p> <p>23 -- that goal is consistent with the interests of the</p> <p>24 TWA pilots.</p> <p>25 And so, in the absence of any kind of</p>	<p style="text-align: right;">88</p> <p>1 American Airlines pilots relative to what they would</p> <p>2 have been absent the transaction?</p> <p>3 A In -- in -- it would depend on -- on</p> <p>4 how they've arrived at whether or not their</p> <p>5 promotional opportunities are going to be preserved.</p> <p>6 So it is -- it's difficult to say. I -- I -- I --</p> <p>7 if they had been convinced that their promotional</p> <p>8 opportunities would be reserved through some, you</p> <p>9 know, mechanism such as bidding restrictions or</p> <p>10 fences, or, you know, some other method of -- of</p> <p>11 ensuring they had access to a certain number of</p> <p>12 work, I don't know what they would have agreed to.</p> <p>13 So, you know, you can preserve people's</p> <p>14 promotional opportunities in a number of ways.</p> <p>15 Sometimes that's through the list. Sometimes that's</p> <p>16 through conditions and restrictions, and, you know,</p> <p>17 you can only speculate as to what they would or</p> <p>18 would not have agreed to being a reasonable</p> <p>19 protection of their -- their jobs. So, you know,</p> <p>20 you have to assume that they would have. I believe</p> <p>21 strongly that they wanted to be fair and that they</p> <p>22 didn't want to take any jobs away from the TWA</p> <p>23 pilots, but that they were denied any opportunity to</p> <p>24 really negotiate intensively or -- or sincerely to</p> <p>25 achieve that ultimate goal. So --</p>

22 (Pages 85 to 88)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">89</p> <p>1 Q If the APA had been persuaded that any 2 of the lists that you proposed would have failed to 3 protect the promotional opportunities of the 4 American Airlines pilots, do you have any reason to 5 believe that the APA would have agreed to such a 6 list?</p> <p>7 A Well, I mean, I know in hindsight that 8 none of them would have. So I can assume that they 9 would have been able to, using some reasonable 10 forecasting model, to come to the same conclusion, 11 that they would have been better off under any of 12 these lists than they would have otherwise. We know 13 this because we can look at the -- the so-called 14 fairness model, the income optimal model, which 15 gives pilots enough seniority to access the work 16 they brought into the merger. And if anyone has 17 seniority superior to that, then they have 18 exceeded -- they have -- they have effectively taken 19 work away from one group and transferred it to 20 themselves.</p> <p>21 And so, since every single American Airlines 22 pilot has superior seniority under any of the lists 23 that I propose to the fairness list, I know 24 absolutely that they did better than they would 25 have. So presuming they could do that same</p>	<p style="text-align: right;">91</p> <p>1 believed -- and by believed I mean there was an 2 actual, reasonable forecast model of what their 3 career opportunities were. I don't mean, you know, 4 a particularly egocentric or -- or biased model 5 towards what they thought their career expectations 6 were. So if they had a model that was done with a 7 reasonable assumption, and by that I mean they 8 didn't assume that American Airlines was going to 9 expand dramatically in its international flying, and 10 that there was going to be lots and lots of 11 promotional opportunities they would have had absent 12 the merger, but now that they have -- had a merger, 13 there is only going to be shrinkage in the future.</p> <p>14 That's what I would call an opportunistic 15 model. If they didn't have an opportunistic model, 16 if they had a genuine model that looked at what 17 their promotional opportunities would be with and 18 without the merger, I believe that would be a 19 baseline for them deciding whether any seniority 20 list would be acceptable or not. And anything 21 better than what they would have had under that -- 22 that -- in the un-merged scenario in that type of 23 model, I think they would find acceptable. What I 24 said about the fairness list was it does the best 25 retrospective estimation you can have of what that</p>
<p style="text-align: right;">90</p> <p>1 analysis, they wouldn't have the same information. 2 But I assume they would have -- they would have come 3 to the conclusion that their -- their premerger 4 career opportunities had been preserved.</p> <p>5 Q I'm not asking for a comparison 6 relative to the fairness list that you came up with. 7 I'm asking --</p> <p>8 A But -- but it is the same thing. I 9 mean, this is one way you can measure whether 10 someone's premerger career opportunities were 11 preserved.</p> <p>12 Q I'm not asking about your fairness list 13 and the comparison with your fairness list. I'm 14 asking, if the APA had been of the view that any of 15 the lists you proposed failed to preserve their 16 promotional opportunities relative to what they 17 would have been without the TWA transaction, do you 18 have any reason to believe that the APA would have 19 agreed to such a list?</p> <p>20 MR. JACOBSON: I'm going to object. It 21 is a compound question, and puts an unreasonable 22 expectation on the expert's answer by fencing off a 23 portion of the opinion.</p> <p>24 THE WITNESS: I'm going to have to try 25 to answer this in -- in pieces. If the APA</p>	<p style="text-align: right;">92</p> <p>1 model would have told them. I don't know -- 2 BY MR. TOAL:</p> <p>3 Q And if the APA had been of the view 4 that any of the lists you propose made them worse 5 off in terms of their promotional expectations 6 relative to what they were prior to the transaction, 7 do you have any reason to expect the APA would have 8 agreed to such a list?</p> <p>9 A Reasonable promotional expectations is 10 the only way, you know, I could agree to that 11 statement. And by reasonable, I mean based on a 12 model that did not have particularly opportunistic 13 or, you know, as we say, there is expectations and 14 then there is wishes. They may wish they would all 15 be wide-body captains next year, but if they have a 16 reasonable expectation of being a wide-body captain 17 next year. If they had such a model and one of 18 these lists proved short of that standard, then I 19 don't believe it would be acceptable. But I know 20 from the fairness model, looking backwards, that any 21 reasonable model would have said that each one of 22 the lists was superior to that standard.</p> <p>23 Q Well, I -- I believe you testified that 24 you didn't do any analysis to determine whether the 25 promotional opportunities of the American Airlines</p>

23 (Pages 89 to 92)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">93</p> <p>1 pilots were preserved by any of your lists; is that 2 correct?</p> <p>3 A That's correct.</p> <p>4 Q Now --</p> <p>5 A But you can estimate it using the 6 fairness model.</p> <p>7 Q Now, directing your attention back to 8 page 223 of Sycara's article --</p> <p>9 A Yes.</p> <p>10 Q -- you see the second type of argument, 11 strategy that she identifies as potentially 12 accomplishing the first goal of changing the 13 importance of an issue is indicating a change in the 14 feasibility of the proposed goal?</p> <p>15 A Yes.</p> <p>16 Q Which of the strategies that you lay 17 out in your report that you say ALPA had available 18 to it were intended to indicate a change in the 19 feasibility of a proposed goal of the APA?</p> <p>20 A Well, if the proposed goal was to 21 staple X number of pilots, bringing additional 22 pressure and increasing the risk that the 23 negotiation could be taken out of their hands or 24 that others could be brought into the negotiation 25 would have to change the feasibility of that goal of</p>	<p style="text-align: right;">95</p> <p>1 using the following strategies. (C), recall a 2 counterexample from persuadee's past behavior.</p> <p>3 Are any of the strategies that you identified 4 that ALPA had available to it intended to identify a 5 counterexample from APA's past behavior?</p> <p>6 A I -- I -- I don't think they would have 7 led to that direct result, no.</p> <p>8 Q And (D) says, recall examples of 9 similar peers that have accepted the same value for 10 the issue.</p> <p>11 Are any of the ALPA strategies that you 12 identify intended to recall examples from APA peers 13 that have accepted the same value for the issue?</p> <p>14 A Well, to the extent that all of those 15 strategies would have intensified the negotiation 16 and would have brought into the negotiation what 17 happens in other mergers, all of those precedents 18 are now there. And so, how other units have behaved 19 toward other pilots would certainly have done that.</p> <p>20 Q Well, how does -- how does the denied 21 April 2001 legal strategy of delaying purchase 22 relate to bringing in examples of similar peers that 23 have accepted the same value for the issue?</p> <p>24 A I don't know that it necessarily would 25 have directly, but we are assuming that that action</p>
<p style="text-align: right;">94</p> <p>1 stapling that number of pilots.</p> <p>2 Q So for purposes of (B), are you 3 identifying the proposed goal as stapling TWA 4 pilots?</p> <p>5 A If that was a proposal -- yes.</p> <p>6 Q Do you know if that was a goal of the 7 APA, to staple TWA pilots?</p> <p>8 A I believe it was -- it was derivative 9 to their goal, which was to make a merged seniority 10 list, and that some number of TWA pilots were going 11 to be at the bottom of the list as a -- as a result 12 of their -- their thinking about how to build the 13 list. I don't know if that was actually their goal.</p> <p>14 Q And which -- which of the ALPA actions 15 do you believe changed the feasibility of whatever 16 proposed goal you are identifying here?</p> <p>17 A I believe they would have all changed 18 the feasibility of that -- the proposed goal.</p> <p>19 Q So if you look at page 224 of Sycara's 20 article, first full paragraph, you see it says, the 21 second argumentation goal that a persuader might 22 select is to change the persuadee's assessment of 23 the proposed value of an issue.</p> <p>24 A Yes.</p> <p>25 Q The second goal can be affected by</p>	<p style="text-align: right;">96</p> <p>1 would be one of the ones that would have contributed 2 to a better seniority outcome. One of the ways that 3 a better seniority outcome is going to be achieved 4 is by the APA having to consider what's been looked 5 at as fair and -- in other -- in other mergers. And 6 so, this is why I talk about, you know, a more 7 intensive negotiation being an education process.</p> <p>8 If what you are proposing isn't being considered 9 fair, then, you know, you were forced to consider 10 what is thought of fair in other mergers. So I -- I 11 would say that pretty much any action would -- that 12 would intensify the negotiation would result to (D) 13 in some way or another.</p> <p>14 Q Are you aware of any instance in the 15 negotiating history between the TWA MEC and the APA 16 where either of the parties referenced the results 17 of prior seniority integrations?</p> <p>18 A I'm sure they must have, but I'm not 19 aware.</p> <p>20 Q Do you have any knowledge as you sit 21 here today that that happened?</p> <p>22 A That they looked at the circumstances 23 of any particular merger?</p> <p>24 Q Yes.</p> <p>25 A No, I'm not aware that they did that.</p>

24 (Pages 93 to 96)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">97</p> <p>1 Q So take a look further down on page 2 224, a little after halfway through the page, it 3 says, there are two argumentation strategies that 4 can result in goal abandon on the part of the 5 persuadee. 6 Do you see that language? 7 A I -- I do. 8 Q Okay. And the persuadee here would be 9 APA; correct? 10 A Yes. 11 Q And (E) is, promise the persuadee the 12 fulfillment of a more important goal if he abandons 13 the current goal. 14 Do you see that? 15 A Yes. 16 Q Are any of the strategies that you say 17 ALPA had available to it intended to promise the APA 18 fulfillment of a more important goal if they abandon 19 some other goal? 20 A Well, if any of those strategies are 21 pursued, now there is an additional risk. And that 22 risk wasn't there in the absence of that strategy. 23 So the more important goal would be the elimination 24 of that risk. 25 Q So is that a promise to fulfill a more</p>	<p style="text-align: right;">99</p> <p>1 threat? 2 A You would have to tell me what specific 3 contingencies you were thinking of, and then I could 4 tell you whether I thought ALPA could or couldn't 5 control it. 6 Q Well, with respect to the April 2001 7 legal strategy, did ALPA have any control over 8 whether that strategy would be successful? 9 A Well, no, they did not have any control 10 over whether the strategy would be successful. 11 Q And did they have control over whether 12 any of the other legal strategies would be 13 successful? 14 A No. 15 Q Did they have control over whether the 16 Department of Transportation would make a certain 17 seniority integration process a condition of 18 approval of the merger? 19 A Again, you know, I think I've -- I've 20 said in a number of situations that I have not 21 estimated what the likely success of any of these 22 strategies would have been. Whether ALPA could have 23 controlled the outcome of one of these strategies is 24 for ALPA to say, you know. 25 Q Well, ALPA wasn't going to be making</p>
<p style="text-align: right;">98</p> <p>1 important goal? 2 A More important goal would be the 3 elimination of the risk. The more important goal 4 would be if we don't want to take a chance that this 5 matter will get decided by someone other than us. 6 Q Would you agree that the strategies 7 that you lay out that you say ALPA had available to 8 it are not persuasive arguments? 9 A I -- I wouldn't -- I wouldn't 10 characterize them as arguments, no. 11 Q And Sycara's work deals with persuasive 12 arguments, correct? 13 A It does. 14 Q On page 220 of Sycara's article, you 15 see the first full sentence on the page says, the 16 effectiveness of a threat (promise) -- 17 A Yes, uh-huh. 18 Q -- hinges on the power of the persuader 19 to control the contingencies mentioned in the threat 20 (promise). 21 A Yes. 22 Q Now, any of the strategies -- are there 23 any strategies that you laid out that you say ALPA 24 had available to it wherein ALPA would not have the 25 ability to control the contingencies involved in the</p>	<p style="text-align: right;">100</p> <p>1 the decision about whether the Department of 2 Transportation -- 3 A Right. 4 Q -- decided to impose conditions on the 5 merger. 6 A So -- so we don't know then. 7 Q We don't know what? 8 A We don't know whether it would have 9 been successful or not. 10 Q But we do know that that's not 11 something ALPA controlled, whether a condition would 12 be imposed by the Department of Transportation? 13 A No. That's -- that's a fair statement. 14 Q On page eight of your report, you 15 discuss the work of Lowenstein. Do you see at the 16 bottom, under figure two, last paragraph? 17 A Yes. 18 Q Okay. So you say, to satisfy these 19 competing interests, it is useful to use Lowenstein, 20 et al's observation that parties are more motivated 21 by notions of fairness than commonly thought; 22 correct? 23 A That's correct. 24 Q Now, was Lowenstein talking about an 25 objective notion of fairness?</p>

25 (Pages 97 to 100)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">101</p> <p>1 A No.</p> <p>2 Q Was he talking about notions of</p> <p>3 fairness that were subjective to each of the</p> <p>4 parties?</p> <p>5 A Yes.</p> <p>6 Q Did Lowenstein say that considerations</p> <p>7 of fairness would trump monetary considerations?</p> <p>8 A No, he did not. Not -- well, let me --</p> <p>9 let me qualify that. If by trump you mean ignore</p> <p>10 monetary fairness, then, no, he did not say anything</p> <p>11 like that. But that people would make decisions</p> <p>12 that are sub-optimal from a monetary point of view</p> <p>13 because it served some notion of fairness. That's</p> <p>14 what he said. So, but to say someone would make a</p> <p>15 completely -- make a decision completely with</p> <p>16 disregard to the monetary impact, that's not what</p> <p>17 Lowenstein said. I mean, I think I said exactly</p> <p>18 what I said here. Parties are more motivated by</p> <p>19 notions of fairness than commonly thought. That</p> <p>20 doesn't mean they are only motivated by notions of</p> <p>21 fairness. Just more so.</p> <p>22 Q And had Lowenstein conducted any</p> <p>23 analysis of negotiations between units?</p> <p>24 A I'm -- I'm unaware.</p> <p>25 Q Do you recall from Lowenstein's article</p>	<p style="text-align: right;">103</p> <p>1 not?</p> <p>2 A At -- at the margin, it is, by which I</p> <p>3 mean something may swing more, and more, and more</p> <p>4 towards one direction or another, and at some point</p> <p>5 in time you are -- you are more likely than not to</p> <p>6 classify it as fair or unfair. But it is not a</p> <p>7 binary concept.</p> <p>8 Q And do you accept the proposition that</p> <p>9 there could be a range of seniority integrations</p> <p>10 each of which is different but each of which is</p> <p>11 fair?</p> <p>12 A Yes. You can -- you can have seniority</p> <p>13 integrations that -- that are -- well, I suppose</p> <p>14 they are actually finite, but they approach</p> <p>15 infinite, so there is going to be several different</p> <p>16 ways you could have a seniority integration that</p> <p>17 would all be considered fair.</p> <p>18 Q Take a look at page five of your</p> <p>19 report.</p> <p>20 A I have it.</p> <p>21 Q Okay. You see the last sentence in the</p> <p>22 first paragraph says, to mathematically or</p> <p>23 statistically estimate what that agreement would,</p> <p>24 however, require subjective judgments about</p> <p>25 probabilities at each step. And, therefore, my</p>
<p style="text-align: right;">102</p> <p>1 that he was discussing the results of an experiment</p> <p>2 involving college students?</p> <p>3 A Yes.</p> <p>4 Q Are you aware of any evidence that the</p> <p>5 APA thought that the proposals that it advanced were</p> <p>6 unfair subjectively?</p> <p>7 A Only in hindsight. I believe at the</p> <p>8 time that they advanced their proposals, they</p> <p>9 thought them to be fair.</p> <p>10 Q And are you aware of any evidence, even</p> <p>11 with the benefit of hindsight, that at the time the</p> <p>12 proposals were offered, that the APA subjectively</p> <p>13 regarded them as unfair?</p> <p>14 A I believe in hindsight they must have</p> <p>15 looked at their earlier proposals as unfair because</p> <p>16 they changed them. The proposals --</p> <p>17 Q Didn't you testify previously that</p> <p>18 notions of fairness can change over time?</p> <p>19 A I did. This is why I say they would</p> <p>20 look at their earlier proposals in hindsight as</p> <p>21 being unfair.</p> <p>22 Q You think fairness is a binary</p> <p>23 inquiry --</p> <p>24 A No.</p> <p>25 Q -- something that is either fair or</p>	<p style="text-align: right;">104</p> <p>1 analysis is primarily dedicated to the examination</p> <p>2 and development of those judgments but applying them</p> <p>3 using other frameworks.</p> <p>4 Do you see that?</p> <p>5 A No.</p> <p>6 Q Last sentence in the first paragraph.</p> <p>7 A Page five.</p> <p>8 Q Page five.</p> <p>9 A Oh, sorry. In the first sentence.</p> <p>10 Okay. Yes, I have it.</p> <p>11 Q Okay. Why did you say here that</p> <p>12 subjective judgments about probabilities were</p> <p>13 required at each step?</p> <p>14 A To mathematically or statistically</p> <p>15 estimate what an agreement would be, one would have</p> <p>16 to say what the probability of proposing to launch a</p> <p>17 suit would have on changing the outcome or changing</p> <p>18 the behavior of both of the parties, would actually</p> <p>19 launching the suit would do, what the suit,</p> <p>20 having -- being progressed would have. So at each</p> <p>21 step of the way, if you launch a suit on day one or</p> <p>22 you threaten to launch a suit on day one,</p> <p>23 negotiations are continuing as that suit continues</p> <p>24 to evolve, and so you have to assume that the</p> <p>25 pressure is either increasing or decreasing over the</p>

26 (Pages 101 to 104)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">105</p> <p>1 course of the lifespan of that action. And so you</p> <p>2 have to assign increasing or decreasing</p> <p>3 probabilities to each step in the process. So</p> <p>4 that's what I meant there.</p> <p>5 Q And those are subjective judgments that</p> <p>6 you had to make in the course of your analysis?</p> <p>7 A I didn't make subjective judgments</p> <p>8 about that. I think I said you have to if you</p> <p>9 wanted to -- if you wanted to use the utility</p> <p>10 theory. So, you know, what I -- what I said above</p> <p>11 was, you know, to mathematically or statistically</p> <p>12 estimate what the agreement would be, you would have</p> <p>13 to make subjective judgments about those</p> <p>14 probabilities.</p> <p>15 Q Well, didn't you attempt a mathematical</p> <p>16 or statistical estimate of what any agreement</p> <p>17 between the APA and the TWA MEC would have looked</p> <p>18 like?</p> <p>19 A I came up with an estimate of the</p> <p>20 likelihood of a particular agreement using -- using</p> <p>21 probabilities less of what would have occurred each</p> <p>22 step in the process, but overall as an action having</p> <p>23 been pursued.</p> <p>24 Q Well, when you said in here that to</p> <p>25 mathematically or statistically estimate what that</p>	<p style="text-align: right;">107</p> <p>1 from the testimony of Mike Day in terms of what the</p> <p>2 substance of what those actions were, and then my</p> <p>3 subjective estimation of how impactful those actions</p> <p>4 would have been on the negotiation.</p> <p>5 Q And when you refer to the basic</p> <p>6 proposition that ALPA's breach led to a poorer</p> <p>7 seniority list, based on the jury verdict, were you</p> <p>8 told anything about its view of how much poorer the</p> <p>9 list would have been?</p> <p>10 A I -- primarily, the only thing I know</p> <p>11 is what the judge -- judge's charge to the jury</p> <p>12 was -- said. That some TWA pilots have been harmed.</p> <p>13 So, some.</p> <p>14 Q And you don't know if some is one or</p> <p>15 any other number; correct?</p> <p>16 A No. No, I do not know. I don't know</p> <p>17 any absolute number other than some.</p> <p>18 Q Any other basis upon which you made</p> <p>19 your subjective judgments?</p> <p>20 A Just experience and reviewing the</p> <p>21 transcripts.</p> <p>22 Q But your review of the transcripts was</p> <p>23 limited to what you testified to previously; right?</p> <p>24 A The transcripts as I've testified to</p> <p>25 them so far, yes.</p>
<p style="text-align: right;">106</p> <p>1 agreement would, however, require subjective</p> <p>2 judgments about probabilities at each step and,</p> <p>3 therefore, my analysis is primarily dedicated to</p> <p>4 examination and development of those judgments, does</p> <p>5 those judgments refer to subjective judgments about</p> <p>6 probabilities that you reference earlier in that</p> <p>7 sentence?</p> <p>8 A Yes, yes.</p> <p>9 Q And you did make subjective judgments</p> <p>10 about probabilities in your analysis; correct?</p> <p>11 A I did.</p> <p>12 Q And you made those subjective judgments</p> <p>13 based on what?</p> <p>14 A Based on my understanding of the issues</p> <p>15 and the impact that they would have had on the</p> <p>16 negotiations at step one. But primarily, and more</p> <p>17 importantly, the basic proposition that ALPA's</p> <p>18 breach led to a poorer seniority list. And so I had</p> <p>19 developed some way of examining the elements of that</p> <p>20 breach in the extent to which they contributed to a</p> <p>21 poorer seniority list.</p> <p>22 Q So where did you derive your</p> <p>23 understanding of the issues and the impact they</p> <p>24 would have had on the negotiations?</p> <p>25 A From the final closing arguments and</p>	<p style="text-align: right;">108</p> <p>1 Q Transcripts referring, not to the</p> <p>2 transcripts in their entirety, but the closings and</p> <p>3 the testimony of Mike Day; correct?</p> <p>4 A That's correct.</p> <p>5 Q With respect to your experience, what</p> <p>6 experience was relevant to the subjective judgments</p> <p>7 that you made about the probabilities that were</p> <p>8 reflected in your analysis?</p> <p>9 A Just the experience of analyzing</p> <p>10 seniority integrations, my experience in -- in being</p> <p>11 involved in seniority integrations.</p> <p>12 Q Okay. And in what pilot seniority</p> <p>13 integrations have you been involved previously?</p> <p>14 A I've been involved in the integration</p> <p>15 of Canadian Airlines and Air Canada, in the</p> <p>16 integration of US Airways and America West,</p> <p>17 Northwest and Delta Airlines. Other seniority</p> <p>18 integrations involving flight attendants and -- and</p> <p>19 machinists. And after the fact, Air Canada and the</p> <p>20 connectors, and this one.</p> <p>21 Q So -- okay. So prior to this case</p> <p>22 you've been involved in four pilot seniority</p> <p>23 integrations?</p> <p>24 A In some way, yes.</p> <p>25 Q In some way.</p>

27 (Pages 105 to 108)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">109</p> <p>1 So in the Canadian Air case, involving Air 2 Canada, which party did you work for? 3 A Canadian Airlines. 4 Q And did you do anything for Canadian 5 Air other than analyze the impact of proposed 6 seniority integration lists on the Canadian Air 7 pilots? 8 A I -- I did many things for the Canadian 9 Airlines pilots, so -- 10 Q Did you do anything other than what I 11 just described? 12 A Yes. 13 Q What else did you do? 14 A We -- we formulated proposals. We -- 15 we did -- 16 Q I want to stop you because your answer 17 says we. I want to know what you did personally. 18 A I formulated proposals. I constructed 19 integration methodologies. I developed ways in 20 which bidding restrictions and -- and fences would 21 work. All of it in some way is the -- is analyzing 22 the impact of -- of seniority integration. But 23 beyond that, it was assisting the -- the arbitration 24 panel in doing their analysis. To some degree, they 25 were interested in some types of impacts in the</p>	<p style="text-align: right;">111</p> <p>1 Q And what did you do for them? 2 A Analyzing the impact of a 3 non-integration. 4 Q So did that matter involve an 5 integration of two different groups of pilots? 6 A Five different groups of pilots. 7 Q In any of these cases did your 8 engagement involve predicting the likelihood of an 9 agreement being reached? 10 A Not directly, no. 11 Q Indirectly? 12 A Well, every time we would come up with 13 an agreement, we were trying to assess the 14 likelihood that it would be acceptable to the other 15 side -- 16 Q Did you come up with any statistical -- 17 A -- or that two particular -- or -- or 18 to an arbitrator. 19 Q Did you come up with any statistical 20 measure in any of these matters about the likelihood 21 that a certain proposal would be accepted? 22 A I don't believe I did, no. 23 Q And in any of these matters, did you 24 come up with any estimate of what the contents of 25 any agreement that was reached would be?</p>
<p style="text-align: right;">110</p> <p>1 seniority integration. Some of the things they were 2 concerned with were more financial impacts of -- of 3 what had occurred in the past. So it would be -- it 4 would be difficult to say that -- to analyzing the 5 impact and the seniority integration was the only 6 thing I did. But at the end of the day, everything 7 kind of comes back to that, so -- 8 Q Was that the focus of your efforts, at 9 least? 10 A That -- that would be the focus. 11 Q For the USAir/America West transaction, 12 which party were you retained by? 13 A US Airways. 14 Q And what did you do for USAir? 15 A Similar to what I did for the Canadian 16 Airlines pilots. Analyzing seniority integration. 17 Q And in the Northwest/Delta transaction, 18 which party retained you? 19 A Northwest. 20 Q What did you do for Northwest? 21 A Similar. Analyzing seniority 22 integration. 23 Q And in the Air Canada and connectors 24 matter, what party retained you? 25 A The Air Canada pilots.</p>	<p style="text-align: right;">112</p> <p>1 A I did. In all of them. 2 Q And how did you do that? 3 A Well, starting with the first, I mean, 4 the -- the agreement is to have the matter decided 5 by an arbitrator. So we are estimating what the 6 arbitrator is going to do. We can do that by 7 reference to what all the other agreements were. 8 Q Did you come up with a written estimate 9 in advance of the arbitration about what you 10 expected the results of the arbitration to be? 11 A I may well have. At every point in 12 time, you know, at the beginning of the process, you 13 have to estimate what the arbitrator is likely to 14 do, to the extent that it's consistent with previous 15 arbitrations. I don't -- I don't recall ever having 16 written a report saying this is what I estimate the 17 arbitrator is going to do in this case, but, you 18 know, certainly I've said, if he does what he did in 19 X case, or if he does what he did in X case, or if 20 he does what's commonly done these days, this is 21 what the list is likely to look like. 22 Q So what -- what sort of methodology did 23 you use in any of those matters to try and predict 24 the outcome of an arbitration? 25 A To replicate what had been done in</p>

28 (Pages 109 to 112)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">113</p> <p>1 previous arbitrations.</p> <p>2 Q Did you rely on Sycara's work in your</p> <p>3 efforts to do that in any of these prior matters?</p> <p>4 A No, I didn't.</p> <p>5 Q We would request production of any</p> <p>6 written estimates in advance of arbitrations in any</p> <p>7 of these matters that you produced.</p> <p>8 A If -- if they can be located, I will</p> <p>9 certainly produce them.</p> <p>10 Q Did any of these matters result in a</p> <p>11 negotiated resolution?</p> <p>12 A No, they were all arbitrated matters,</p> <p>13 so they were -- they were all in arbitration.</p> <p>14 Q Were there efforts to reach a</p> <p>15 negotiated resolution prior to arbitration?</p> <p>16 A Yes.</p> <p>17 Q And those efforts were unsuccessful?</p> <p>18 A Those efforts all regarded -- all ended</p> <p>19 in a decision to -- to arbitrate.</p> <p>20 Q And in the Air Canada/connectors</p> <p>21 matter, was your involvement limited to the</p> <p>22 post-arbitration phase?</p> <p>23 A Yes.</p> <p>24 Q So in that case, you didn't develop any</p> <p>25 estimate of what the arbitration result would be, I</p>	<p style="text-align: right;">115</p> <p>1 12:33 and we are going off the video record.</p> <p>2 (Luncheon recess.)</p> <p>3 VIDEO SPECIALIST: The time is now 1:38</p> <p>4 and we are back on the video record.</p> <p>5 BY MR. TOAL:</p> <p>6 Q Mr. Salamat, before the break we were</p> <p>7 talking about prior pilot seniority integrations in</p> <p>8 which you had been involved. Do you remember that</p> <p>9 testimony?</p> <p>10 A Yes.</p> <p>11 Q And were any of the cases that you</p> <p>12 described situations in which any of the strategies</p> <p>13 outlined in your report, that you said ALPA had</p> <p>14 available to it, were pursued?</p> <p>15 A Well, those -- those strategies would</p> <p>16 be specific to this merger, so it's hard to say in</p> <p>17 what way you would generalize from them. There were</p> <p>18 certainly mergers with the Canadian Airlines case</p> <p>19 where there was lots of litigation going on around</p> <p>20 that merger, so --</p> <p>21 Q Was there litigation going on during</p> <p>22 the time of the negotiations between Air Canada and</p> <p>23 Canadian Air?</p> <p>24 A There was.</p> <p>25 Q And in any of those cases, did any</p>
<p style="text-align: right;">114</p> <p>1 take it?</p> <p>2 A No. As I said, it was after the fact.</p> <p>3 Q And did you conduct any assessment</p> <p>4 after the fact about how accurate your estimate was</p> <p>5 of the arbitration results?</p> <p>6 A No. It was after the fact. The</p> <p>7 arbitration result was already there when I got</p> <p>8 involved, so there would have been no point in</p> <p>9 estimating what the arbitrator was going to do.</p> <p>10 Q Well, I'm not talking about the Air</p> <p>11 Canada connectors' case here. I'm talking about the</p> <p>12 other cases where you were involved pre-arbitration.</p> <p>13 Did you conduct any assessment of the estimate</p> <p>14 that you came up with for what the arbitration</p> <p>15 result would be and compare to it the actual results</p> <p>16 of the arbitration?</p> <p>17 A I -- I don't -- I don't believe I did.</p> <p>18 I -- I -- I would have to say that in -- in</p> <p>19 Northwest's and US Airways' mergers, it wasn't</p> <p>20 particularly surprised by the -- by the result, but</p> <p>21 I didn't compare that to what I thought it -- was</p> <p>22 originally going to occur.</p> <p>23 THE WITNESS: Can we take five minutes?</p> <p>24 MR. TOAL: Sure.</p> <p>25 VIDEO SPECIALIST: The time is now</p>	<p style="text-align: right;">116</p> <p>1 implementation of the strategies result in a</p> <p>2 negotiated resolution of the seniority arbitration?</p> <p>3 I'm sorry. In a negotiated resolution of seniority</p> <p>4 integration?</p> <p>5 A It moved the parties closer together.</p> <p>6 I don't -- it didn't lead to an agreement.</p> <p>7 Q And in any of the situations in which</p> <p>8 you've been involved in pilot seniority integrations</p> <p>9 previously, did any of the unions have a unilateral</p> <p>10 right in negotiation to impose a seniority</p> <p>11 integration list?</p> <p>12 MR. JACOBSON: Objection. Asked and</p> <p>13 answered yesterday.</p> <p>14 THE WITNESS: No, I don't believe so.</p> <p>15 Except, as I said, in the TWA -- not the TWA. I'm</p> <p>16 sorry. In the America West/US Airways case, both</p> <p>17 groups believed they had the unilateral ability to</p> <p>18 impose a seniority list on the other group.</p> <p>19 BY MR. TOAL:</p> <p>20 Q Not during negotiations; correct?</p> <p>21 A Well, they had been negotiating</p> <p>22 continually for the last few years about seniority,</p> <p>23 so during negotiation, I -- I suppose you could say,</p> <p>24 yeah. But it is not really the same situation.</p> <p>25 Q In what respect is it different?</p>

29 (Pages 113 to 116)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">117</p> <p>1 A Well, both groups are pursuing legal</p> <p>2 strategies, so they are not negotiating in earnest.</p> <p>3 Q Take a look at page seven of your</p> <p>4 report.</p> <p>5 A I have it.</p> <p>6 Q In the sentence immediately -- in the</p> <p>7 paragraph immediately after the block quote, the</p> <p>8 middle of that first sentence, do you see it says,</p> <p>9 in order to compute the impact of ALPA's violation,</p> <p>10 one must make qualitative and quantitative judgments</p> <p>11 about how much influence these actions in isolation</p> <p>12 and in combination would have had on where in the</p> <p>13 range of possible settlements an agreement could</p> <p>14 have been formed between the APA and the TWA pilots.</p> <p>15 Do you see that?</p> <p>16 A Yes.</p> <p>17 Q What qualitative judgments were you</p> <p>18 referring to in that sentence?</p> <p>19 A Qualitative judgments being the impact</p> <p>20 the particular actions would have had on the</p> <p>21 negotiating position of the TWA as outlined in the</p> <p>22 -- the table on the following page.</p> <p>23 Q Is that the same as what you referred</p> <p>24 to previously in your testimony as subjective</p> <p>25 judgments?</p>	<p style="text-align: right;">119</p> <p>1 subjective.</p> <p>2 Q I'm going to ask you to take a look at</p> <p>3 figure three on page ten of your report.</p> <p>4 A I have it.</p> <p>5 Q Are the percentages that you list here</p> <p>6 intended to represent the increased likelihood of an</p> <p>7 agreement being reached between the TWA MEC and the</p> <p>8 APA?</p> <p>9 A Yes.</p> <p>10 Q Is that something different in your</p> <p>11 mind from whether the percentages are intended to</p> <p>12 represent the overall likelihood of an agreement</p> <p>13 being reached?</p> <p>14 A Sorry. I think I will have to ask you</p> <p>15 to ask the question again, because it was --</p> <p>16 Q I'm -- I'm trying to understand whether</p> <p>17 these probabilities represent your estimate of the</p> <p>18 likelihood of an agreement being reached had the</p> <p>19 action been pursued, versus the increased likelihood</p> <p>20 of an agreement had the action been pursued?</p> <p>21 A Would they be additive, is, I think,</p> <p>22 what you are asking?</p> <p>23 Q It's not. I'm trying to figure out if</p> <p>24 there is a distinction in your mind between whether</p> <p>25 this is a likelihood of an agreement being reached</p>
<p style="text-align: right;">118</p> <p>1 A Figure two, qualitative judgments, yes.</p> <p>2 Q And you used the term, subjective</p> <p>3 judgments previously in your testimony.</p> <p>4 A Yes.</p> <p>5 Q Do you recall that?</p> <p>6 A Yes.</p> <p>7 Q And you used that language in the</p> <p>8 report?</p> <p>9 A Yes.</p> <p>10 Q And when you referred to subjective</p> <p>11 judgments and qualitative judgments, were you</p> <p>12 referring to the same judgments?</p> <p>13 A Yes. They were all -- they were all</p> <p>14 judgments about the impact that actions would have</p> <p>15 on the TWA pilots' negotiating position.</p> <p>16 Q And what were the quantitative</p> <p>17 judgments that you were referring to in the</p> <p>18 sentence?</p> <p>19 A The likelihood that any particular</p> <p>20 action would have produced the damage model on its</p> <p>21 own.</p> <p>22 Q And those quantitative judgments that</p> <p>23 you are referring to, those are not things that you</p> <p>24 measured in any way; correct?</p> <p>25 A No. Those probabilities were also</p>	<p style="text-align: right;">120</p> <p>1 or some sort of an increased likelihood of an</p> <p>2 agreement being reached?</p> <p>3 A I -- I would say it would be an</p> <p>4 increased likelihood. I mean, if -- if by that you</p> <p>5 mean would two actions have more or identical impact</p> <p>6 as one, I believe two actions would have more impact</p> <p>7 than one, so they would be additive.</p> <p>8 Q I'm really asking a different question.</p> <p>9 Do you think there was any probability of an</p> <p>10 agreement being reached without any of these actions</p> <p>11 being pursued?</p> <p>12 A Is there any probability that an</p> <p>13 agreement would have been reached without any of</p> <p>14 these actions?</p> <p>15 Q Yes.</p> <p>16 A Well, an -- and agreement wasn't</p> <p>17 reached without any of these agreements.</p> <p>18 Q I understand that --</p> <p>19 A So -- you can say --</p> <p>20 Q -- but you are looking back at with the</p> <p>21 benefit of hindsight. At the outset, at the time of</p> <p>22 the negotiations, do you think there was a</p> <p>23 probability of an agreement being reached without</p> <p>24 any of these actions being taken?</p> <p>25 A At the outset of -- I -- it would</p>

30 (Pages 117 to 120)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">121</p> <p>1 depend on at what point in time in the negotiation 2 we were talking about, and whether the possibility 3 of these actions being brought in the future was -- 4 was real or not. So I'm not really sure what -- 5 what -- how to answer your question accurately. 6 Is there a possibility of an agreement without 7 any of these actions? Well, we know that there 8 wasn't an agreement without any of these actions. 9 So the seniority list that was obtained is 10 Supplement CC. With all of these actions, the 11 seniority integration would have been better. And 12 so to say -- so, you know, so actually maybe I 13 can -- going to have to ask you to ask your question 14 a -- differently because maybe I don't understand 15 it. 16 Q Let me try to ask it in a different 17 way. I will give you a hypothetical. 18 If at the outset of these negotiations in the 19 absence of any of these actions being pursued there 20 was a ten percent chance of an agreement being 21 reached, do your -- does your probability with 22 respect to insist on waiving scope suggest in your 23 mind that had that action been pursued, there would 24 now be a 15 percent likelihood of an agreement being 25 reached?</p>	<p style="text-align: right;">123</p> <p>1 BY MR. TOAL: 2 Q Why do you assume that -- that multiple 3 actions would have a multiplier effect on the 4 likelihood of an agreement being reached? 5 A Well, multiple actions can combine in 6 ways. They -- there's what's referred to as a 7 feedback effect, and I think right -- right above 8 here there is this quote by Watkins talking about 9 regardless of what negotiations do by slowly 10 rationing out pressure, by establishing specific 11 action forcing events, the ultimate goal is to build 12 momentum. And so, when you are talking about 13 momentum, you are talking about adding weight to 14 something already in motion. So you are, in effect, 15 talking about a multiplier effect. 16 Watkins, I believe in the same article, refers 17 to the feedback effect of bringing multiple 18 strategies to bear in the negotiation. So I haven't 19 actually -- I haven't actually used the multiplier 20 effect. I've said what multiplier effect would be 21 required in order to bring that 73 percent up to a 22 hundred percent, but that was just merely to 23 demonstrate that a very small multiplier effect 24 would increase that probability such that even if, 25 you know, you were to -- to say, okay, well, maybe</p>
<p style="text-align: right;">122</p> <p>1 A If there was a ten percent chance at 2 the outset and employing an additional action would 3 have brought additional pressure, and we will 4 use the insist on waiving scope, yes -- if the 5 original probability of reaching an agreement was 6 ten percent, then that additional action would 7 increase the percentage likelihood of reaching a 8 negotiated agreement. 9 Q And let me just make sure we are 10 understanding one another. 11 The alternative would be, if there is a ten 12 percent chance at the outset and I pursued this 13 action that you think has a five percent 14 probability, am I just increasing the ten percent 15 likelihood by 1.05? 16 MR. JACOBSON: I object to the form of 17 the question. I don't understand it. 18 THE WITNESS: It -- it -- as I said, it 19 would be additive. It would go from ten percent to 20 15 percent. As a conservative estimate, more likely 21 you would -- you would assume that two actions would 22 have greater effect than the sum of their parts. 23 And so it would actually be greater than two, but, 24 you know, conservatively, you would say two. I mean 25 --</p>	<p style="text-align: right;">124</p> <p>1 it's not five percent. Maybe it is four percent. 2 But then what kind of multiplier effect would you 3 reasonably use? If it was two percent, if it was 4 three percent. I mean, there is still a range of 5 possible ways you could assess the probabilities of 6 how these actions would work individually and in 7 combination. 8 You know, I'm -- I'm starting a game from the 9 premise that I know that all of these things, had 10 they been pursued, ALPA would not have been found in 11 breach. Simple -- simple proposition. We can 12 assume. And had all these things been pursued and 13 they not been in breach, a better seniority list 14 would have been obtained. So now we just have to 15 do -- do you need to get that or -- 16 Q No. 17 A Okay. Sorry. 18 So now we have to say, if -- if some of them 19 had been pursued, what's a minimal chance that any 20 one of these could have produced a particular 21 result? And then what is the likelihood that the 22 two of them could have produced a particular result? 23 We know that all of them would have produced a 24 better seniority list. What better seniority list? 25 We don't know. We have to estimate. We have to --</p>

31 (Pages 121 to 124)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">125</p> <p>1 we have to make some reasonable guesses as to what's</p> <p>2 more probable than not, so --</p> <p>3 Q And that's what you did here?</p> <p>4 A I believe that's what I did here, yes.</p> <p>5 Q Do you consider the possibility that</p> <p>6 multiple actions could have diminishing marginal</p> <p>7 returns?</p> <p>8 A At -- at -- at the margin, yes.</p> <p>9 Q And --</p> <p>10 A But we are not talking -- you mean, you</p> <p>11 are talking about a -- a fence that might be</p> <p>12 happening contemporaneously. You are talking about</p> <p>13 events that you predicate that one is either</p> <p>14 succeeding, because if one event is succeeding, then</p> <p>15 the marginal return from another event is less -- is</p> <p>16 likely to be less. If one event is failing, then</p> <p>17 pursuing a second is likely to have a greater effect</p> <p>18 than it would otherwise.</p> <p>19 So, I mean, that's -- that's -- that's not a</p> <p>20 question that I think you can answer in the</p> <p>21 abstract, right? You have to really look at a</p> <p>22 particular situation and say what the return would</p> <p>23 be. You could assume a multiplier, which I think</p> <p>24 would be fair in this type of situation, a positive</p> <p>25 multiplier.</p>	<p style="text-align: right;">127</p> <p>1 from 73 to a higher number. And I simply said that</p> <p>2 a three percent multiplier effect would increase it</p> <p>3 to a hundred. I'm not saying that there was a</p> <p>4 multiplier effect. But if you accept that multiple</p> <p>5 actions would have a larger combined effect than the</p> <p>6 individual constituent actions on their own --</p> <p>7 Q In this table -- are you done?</p> <p>8 A Yes.</p> <p>9 Q In this table, you really are making</p> <p>10 predictions about how the APA would have responded</p> <p>11 to each particular action; correct?</p> <p>12 A I am predicting that each of these</p> <p>13 actions would have led them to be more likely to</p> <p>14 move towards a better seniority integration.</p> <p>15 Q And so that's a prediction about how</p> <p>16 the APA would have responded to these actions;</p> <p>17 correct?</p> <p>18 A Well, we can conclude, you know, from</p> <p>19 the jury's verdict, that all of these actions would</p> <p>20 have led to a better seniority integration. So each</p> <p>21 one of these in some way would have contributed to</p> <p>22 that. So we have to predict, yes, that we don't</p> <p>23 know which ones would have resulted in what</p> <p>24 particular outcomes, but I would agree that we are</p> <p>25 assuming that bringing additional pressure in a</p>
<p style="text-align: right;">126</p> <p>1 But, as I say, in the event that something is</p> <p>2 succeeding, if the TWA pilots had insisted on</p> <p>3 waiving scope, and that was -- that was, you know, a</p> <p>4 strategy that had been pursued, then perhaps another</p> <p>5 strategy might be less. But I don't think I would</p> <p>6 want to -- I don't -- I don't think I would want to</p> <p>7 make a sweeping statement about the additive or</p> <p>8 subtractive nature, or whether there would be</p> <p>9 diminishing returns on a particular action depending</p> <p>10 on what came before it. It is not inconceivable</p> <p>11 but, again, I think it would be diminishing if that</p> <p>12 other action was succeeding. And so an overall</p> <p>13 probability would be higher because now we are</p> <p>14 talking about an action which is succeeding, so its</p> <p>15 chances of achieving a particular outcome is higher</p> <p>16 than it would have been. So, you know, it's--</p> <p>17 it's --</p> <p>18 Q And are you proposing to offer an</p> <p>19 expert opinion in this case as to whether multiple</p> <p>20 actions would or would not have had a multiplier</p> <p>21 effect?</p> <p>22 A I don't believe I am and I don't</p> <p>23 believe I have. I think I've said that, you know,</p> <p>24 it is quite likely that you would use a multiplier</p> <p>25 effect and that would increase the likely outcome</p>	<p style="text-align: right;">128</p> <p>1 negotiation would have caused the APA to negotiate</p> <p>2 more intensively, which would have resulted in a</p> <p>3 better seniority integration.</p> <p>4 Does that answer your question?</p> <p>5 Q I don't think it did.</p> <p>6 With respect to the probabilities that you</p> <p>7 list in figure three, do those probabilities attempt</p> <p>8 to predict the increased likelihood that the APA</p> <p>9 would have agreed to a seniority list different than</p> <p>10 Supplement CC?</p> <p>11 A I believe that's what I said they do,</p> <p>12 yes.</p> <p>13 Q Okay. And specifically with respect to</p> <p>14 these particular probabilities, these are reflective</p> <p>15 of your view of the likelihood that the APA would</p> <p>16 agree to the Salamat list that you proposed in your</p> <p>17 report; correct?</p> <p>18 A That's correct.</p> <p>19 Q Now why, in your linear model of</p> <p>20 probabilities, for every situation and every</p> <p>21 strategy in which you think there is a prospect of</p> <p>22 changing the APA's importance of a goal, do you</p> <p>23 assign a three percent probability?</p> <p>24 A That seemed the reasonable amount to</p> <p>25 use. It seemed more probable that a three percent</p>

32 (Pages 125 to 128)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">129</p> <p>1 increase in the probability would result from the 2 strategies which I said there would be a change in 3 the importance of the goals that the APA was 4 pursuing, which, you know, we -- we could read 5 primarily in terms of, you know, the staple size. 6 Q Why would it be the case that each of 7 these different actions has exactly the same 8 probability of changing the APA's -- the importance 9 that the APA attaches to a goal? 10 A Well, they differ in terms of what -- 11 the quality of the actions and whether it seems to 12 me that the importance of the perception of the 13 abandonment -- goal abandonment were possible 14 outcomes -- sorry, possible influences on the 15 negotiation as a result of the specific action. The 16 change in importance I overall estimated as having a 17 three percent chance of contributing to the 18 particular negotiated outcome in this case, the 19 damage model, and five percent for a change in 20 perception, and two percent for abandonment. So it 21 is the same value for each type of a change in -- in 22 perception of the issue. Not perception, but 23 characterization of the effect of the element on the 24 negotiation. 25 Q Well, is it just coincidence that every</p>	<p style="text-align: right;">131</p> <p>1 A No, I didn't, because I -- I 2 considered -- I considered three percent a 3 reasonable value to use for a change in 4 perception -- sorry -- change in importance. 5 Q Regardless -- regardless of the type of 6 action, as long as it had the potential to change? 7 A If -- if it didn't -- if a particular 8 action didn't seem like it met a three percent test 9 for a likelihood for a change in action, I didn't 10 consider that it would be something that had a 11 possibility of changing the APA's importance that it 12 attached to an issue. So the way in which that was 13 taken into consideration was to just not assign a 14 three percent value to any particular action, so -- 15 Q So in your analysis with regard to 16 change and the importance that the APA attached to a 17 goal, you essentially conducted a binary analysis; 18 where, if it had the potential to change the 19 importance, you assigned three percent, and if it 20 didn't, you assigned zero percent? 21 A That's correct. 22 Q And why is it that for each action 23 where you decide that it had the potential to change 24 the APA's perception of the importance of a goal, 25 you assigned a five percent probability?</p>
<p style="text-align: right;">130</p> <p>1 action that you decided had the potential to change 2 the importance that the APA attached to a goal has 3 the same percentage likelihood of resulting in -- in 4 an agreement? 5 A Well, because three percent was the 6 value I used for any action that had the ability to 7 change the percep -- to change importance. So 8 importance and three percent go together, as do five 9 percent and perception, and two percent and 10 abandonment. 11 Q And with respect to any action that you 12 thought ALPA had available to it that had the 13 potential to change the importance that the APA 14 attached to a goal, would you have assigned a three 15 percent probability? 16 A That's correct. 17 Q Did you try and make an individualized 18 assessment about the potential of each particular 19 action to change the importance that the APA 20 attached to a goal? 21 A I don't recall doing so. 22 Q Did -- did you consider whether some 23 actions would be more effective than others at 24 changing the importance that the APA attached to a 25 goal?</p>	<p style="text-align: right;">132</p> <p>1 A For the same reason. 2 Q And is it the same reason with respect 3 to goal abandonment? 4 A That's correct. 5 Q And how did you decide that an action 6 that had the potential to change the APA's 7 perception of the importance of a goal had a greater 8 potential to result in agreement than an action that 9 had the potential to change the importance that the 10 APA attached to a goal? 11 A Because a change in their perception 12 appeared in this case to be more influential on the 13 APA's action. Change in their perception of the 14 issue of stapling TWA pilots, if we look at their 15 conduct around the -- the time when they changed 16 their final proposal around the Bond bill seemed to 17 be most closely related to a change in their 18 perception of the issue rather than the importance 19 of the issue. And it certainly hadn't caused them 20 to abandon the issue. So it seemed a very powerful, 21 motivational driver. So five percent seemed a more 22 reasonable value to use there than a lower three or 23 two percent, which I used for the others. 24 Q Do you have any empirical support for 25 your conclusion that -- do you have any empirical</p>

33 (Pages 129 to 132)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">133</p> <p>1 support for your conclusion that a change in</p> <p>2 perception had a greater potential for resulting in</p> <p>3 an agreement than a change in importance?</p> <p>4 A To the extent that their conduct around</p> <p>5 the Bond bill seemed most likely the result of a</p> <p>6 change in perception of the issue, that's the only</p> <p>7 empirical evidence I have.</p> <p>8 Q Nothing -- nothing aside from that?</p> <p>9 A Nothing aside from that.</p> <p>10 Q Nothing in the academic literature?</p> <p>11 A Not that I'm aware of.</p> <p>12 Q And do you have any empirical support</p> <p>13 for the notion that change in importance has a</p> <p>14 greater potential to result in agreement than goal</p> <p>15 abandonment?</p> <p>16 A Other than the -- the facts -- the</p> <p>17 APA's conduct in this case, no. Same -- same as the</p> <p>18 previous question.</p> <p>19 Q And when you refer to the APA's</p> <p>20 conduct, you are referring specifically to --</p> <p>21 A The change in their negotiating</p> <p>22 position.</p> <p>23 Q Which you attribute to the Bond bill?</p> <p>24 A Which I attribute to pressure having</p> <p>25 been brought in the negotiations such as it was.</p>	<p style="text-align: right;">135</p> <p>1 A I can't recall. I -- I believe it was,</p> <p>2 you know, a significant increase in seniority for</p> <p>3 the first pilot who would be integrated.</p> <p>4 Q Can you give me a quantitative estimate</p> <p>5 as you sit here today?</p> <p>6 A I can give you the exact number if you</p> <p>7 don't mind me --</p> <p>8 Q I don't mind.</p> <p>9 A -- looking for it.</p> <p>10 Well, it was approximately 1,159 American</p> <p>11 pilots at the top of the list, is what I say here,</p> <p>12 and that number differs from the actual Supplement</p> <p>13 CC list by less than a hundred. So my guess is the</p> <p>14 first TWA pilot was slotted in someplace around</p> <p>15 number 1,200.</p> <p>16 Q Under the proposal in the summer or</p> <p>17 under Supplement CC?</p> <p>18 A Under their final proposal. The</p> <p>19 proposal prior to that, I believe the number was --</p> <p>20 was approximately 1,500 less. So the first pilot</p> <p>21 would have got slotted in around 3,500 or 4,000.</p> <p>22 Q And how many fewer pilots was the APA</p> <p>23 proposing to end-tail between its proposal in the</p> <p>24 summer and Supplement CC?</p> <p>25 A I -- I believe it was a couple of</p>
<p style="text-align: right;">134</p> <p>1 Q Which you identified specifically as</p> <p>2 related to the Bond bill; correct?</p> <p>3 A Yes.</p> <p>4 Q And when you refer to changes by the</p> <p>5 APA which you attribute to the Bond bill,</p> <p>6 specifically, what changes do you have in mind?</p> <p>7 A Improvement in the seniority list.</p> <p>8 Q From what to what?</p> <p>9 A From I believe their -- their proposal</p> <p>10 that they had on the table in the summer to the one</p> <p>11 that was on the table in which I believe ultimately</p> <p>12 ended up being Supplement CC.</p> <p>13 Q And in what way did those proposals</p> <p>14 differ from -- from one to another?</p> <p>15 A The number of pilots -- well, first,</p> <p>16 the position of the first move -- the first TWA</p> <p>17 pilot integrated with American pilots was higher up</p> <p>18 the lists, and the number of TWA pilots that was</p> <p>19 going to be end-tailed was smaller.</p> <p>20 Q And how much higher was the first TWA</p> <p>21 pilot who would be integrated?</p> <p>22 A I would have to refer to my report to</p> <p>23 give you the exact number.</p> <p>24 Q Can you give me an estimate based on</p> <p>25 your knowledge as you sit here today?</p>	<p style="text-align: right;">136</p> <p>1 hundred.</p> <p>2 Q Now, did you do anything to evaluate</p> <p>3 the possibility that there was no merged integration</p> <p>4 list that would have been acceptable to the TWA MEC</p> <p>5 and the APA without regard to what ALPA did?</p> <p>6 A Yeah, I believe that would be the --</p> <p>7 that 32 percent probability that is left over</p> <p>8 after -- or the 37 percent probability that no list,</p> <p>9 given all of these actions that were available to</p> <p>10 ALPA, would have resulted in the -- in the Salamat</p> <p>11 damage model as it is called in the report. All of</p> <p>12 these actions have been available, I believe I said,</p> <p>13 would have resulted in at least as close to a</p> <p>14 hundred percent as you can get in the marginal model</p> <p>15 or the minimal or the -- yeah, the marginal list,</p> <p>16 so --</p> <p>17 Q Did you mean 27 percent that was left</p> <p>18 over after you --</p> <p>19 A 27 percent.</p> <p>20 Q And did you do anything with respect to</p> <p>21 the particular effects of this case to try and</p> <p>22 evaluate the possibility that there was no specific</p> <p>23 merged seniority list that would have been agreeable</p> <p>24 to both TWA MEC and the APA?</p> <p>25 MR. JACOBSON: Objection. I believe</p>

34 (Pages 133 to 136)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">137</p> <p>1 that was asked and answered.</p> <p>2 THE WITNESS: I'm not sure how that</p> <p>3 differs from your last question.</p> <p>4 BY MR. TOAL:</p> <p>5 Q Well, your response to the last</p> <p>6 question talked about the probabilities in your</p> <p>7 table; correct?</p> <p>8 A That's correct.</p> <p>9 Q Did you do anything to try to find out</p> <p>10 whether the APA would have agreed to any of the</p> <p>11 lists that you propose in your report?</p> <p>12 A No, I did not.</p> <p>13 Q Did you undertake any sort of</p> <p>14 evaluation to try to determine, based on the facts</p> <p>15 available in the record, whether the APA would have</p> <p>16 agreed to any of the lists that you propose in your</p> <p>17 report?</p> <p>18 A Well, it -- it would be impossible to</p> <p>19 do that because all of that list is predicated on</p> <p>20 actions that were not taken. So, I mean, how --</p> <p>21 how -- there could be no facts that would say what</p> <p>22 the APA would have or would not have agreed to had</p> <p>23 all of the facts been undertaken. It is a very</p> <p>24 difficult sort of problem.</p> <p>25 Q And so you didn't attempt to undertake</p>	<p style="text-align: right;">139</p> <p>1 73 percent, in that it's closer to Supplement CC</p> <p>2 than the damage model is, but I didn't quantify it,</p> <p>3 no.</p> <p>4 Q Would it have been greater than a</p> <p>5 hundred percent?</p> <p>6 A It -- nothing -- nothing could be --</p> <p>7 theoretically be a hundred percent certain. It</p> <p>8 would approach a hundred percent. It would be</p> <p>9 nearly a hundred percent, almost a certainty. But</p> <p>10 nothing can be absolutely certain when you are</p> <p>11 dealing with human beings.</p> <p>12 Q So at page 21 of your report, in figure</p> <p>13 eight, you have a list of I believe it is 30 -- 30</p> <p>14 airline transactions; correct?</p> <p>15 A Something like that, yeah. 30.</p> <p>16 Q And five of those you identify as</p> <p>17 unilateral seniority integration lists; correct?</p> <p>18 A That's correct.</p> <p>19 Q Including the one in American/TWA;</p> <p>20 correct?</p> <p>21 A Yes, it is.</p> <p>22 Q Of the other unilateral agreements, do</p> <p>23 you know whether any of those involved stapling</p> <p>24 substantially all of the acquired airlines' pilots</p> <p>25 to the bottom of the list?</p>
<p style="text-align: right;">138</p> <p>1 such an assessment; correct?</p> <p>2 A One could not be undertaken, and so I</p> <p>3 did not attempt it.</p> <p>4 Q So now, in figure three you essentially</p> <p>5 calculated 27 percent likelihood that no agreement</p> <p>6 would have been reached even if ALPA had taken all</p> <p>7 of these actions; correct?</p> <p>8 A 27 percent that the damage model would</p> <p>9 not have been the outcome.</p> <p>10 Q That the Salamat model would not have</p> <p>11 been the outcome; correct?</p> <p>12 A Yeah. Not a 27 percent change that no</p> <p>13 agreement could have been reached had all of these</p> <p>14 actions been undertaken. That's -- that's --</p> <p>15 different. These probabilities are specifically</p> <p>16 tied to the damage model and not to any agreement.</p> <p>17 Q Did you -- did you prepare a version of</p> <p>18 figure three that would be associated with each of</p> <p>19 the other models that you presented in your</p> <p>20 analysis?</p> <p>21 A No, I did not.</p> <p>22 Q Did you prepare an analysis of the</p> <p>23 likelihood of your Supp CC plus 200 model being</p> <p>24 agreed to?</p> <p>25 A I did not. It would be greater than</p>	<p style="text-align: right;">140</p> <p>1 A I believe yesterday we talked about</p> <p>2 American/Reno, where that was the case.</p> <p>3 Q Uh-huh.</p> <p>4 A And I can't recall what happened in</p> <p>5 Southwest/Morris Air and Piedmont/Empire. I don't</p> <p>6 recall whether those pilots were stapled or not.</p> <p>7 Q Okay. So on this list of 30 airline</p> <p>8 transactions, you identify by my count three in</p> <p>9 which negotiated resolutions of seniority</p> <p>10 integration were reached; correct?</p> <p>11 A I'm sorry. By my count, five</p> <p>12 situations in which --</p> <p>13 Q A negotiated agreement was reached?</p> <p>14 A Yes. Yeah. I'm going -- one, two,</p> <p>15 three, four, five. That's correct. Yes.</p> <p>16 Q Okay. So in 25 of the 30, you are</p> <p>17 aware that no negotiated resolution of seniority</p> <p>18 integration was reached; correct?</p> <p>19 A Well, a negotiated resolution would</p> <p>20 have been to arbitrate. I mean, if the negotiation</p> <p>21 doesn't produce a merged seniority list, then it is</p> <p>22 referred to an arbitrator. So in many of these</p> <p>23 cases the decision to arbitrate was negotiated, was</p> <p>24 the result of the negotiation rather than the</p> <p>25 specific list. Parties, you know, they generally</p>

35 (Pages 137 to 140)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">141</p> <p>1 negotiate up to a point, and they can't agree on the</p> <p>2 remaining issues, and so it is referred to an</p> <p>3 arbitrator. So that arbitration is, in part, the</p> <p>4 result of some of these negotiations. I don't know</p> <p>5 which ones. It would be primarily the -- the ALPA</p> <p>6 to non-ALPA carrier mergers. The parties agree</p> <p>7 to -- agree to arbitration as the resolution, as the</p> <p>8 end of their negotiation. It doesn't mean they --</p> <p>9 they negotiated the final seniority list, so --</p> <p>10 Q So, in any ALPA to ALPA transaction,</p> <p>11 you are aware that ALPA has a policy and a</p> <p>12 requirement that the respective TWA -- or the</p> <p>13 respective MEC's engage in arbitration; correct?</p> <p>14 A I am.</p> <p>15 Q And setting aside arbitration, would</p> <p>16 you agree that in 25 of these 30 situations, the</p> <p>17 pilot groups themselves were unable to reach an</p> <p>18 agreement on any seniority list that they considered</p> <p>19 mutually acceptable?</p> <p>20 A Yes.</p> <p>21 Q And yet, in the Salamat model, you</p> <p>22 calculate a 73 percent likelihood that the TWA MEC</p> <p>23 and the APA would have been able to agree on a</p> <p>24 negotiated seniority list that was acceptable to</p> <p>25 both parties; correct?</p>	<p style="text-align: right;">143</p> <p>1 them in order to resolve the dispute. So they are</p> <p>2 somewhat -- well, they are substantially different</p> <p>3 from the TWA/American situation. If two parties, as</p> <p>4 I was saying, can't -- can't agree to a list, they</p> <p>5 can agree to go to negotiation. Or in a ALPA -- the</p> <p>6 ALPA merger, they can just go straight to -- go</p> <p>7 straight to an arbitration. So that is part of the</p> <p>8 process.</p> <p>9 And I think you find many who have been</p> <p>10 involved who would say that negotiations continue on</p> <p>11 during arbitrations, and so the fact that it is an</p> <p>12 arbitrator who determines the final list and puts,</p> <p>13 you know, his or her name on it, mostly -- mostly</p> <p>14 his, I think, that doesn't mean that it's not -- you</p> <p>15 know, that you can't look at it in some way as a</p> <p>16 negotiated outcome, as well. So mediation continues</p> <p>17 throughout -- all the arbitration, seniority merger</p> <p>18 arbitrations I've been involved in, the parties in</p> <p>19 some way manage to continue to move closer together</p> <p>20 throughout the process. So I -- I wouldn't want to</p> <p>21 make a strong distinction between an arbitrated</p> <p>22 outcome and a negotiated outcome for that reason.</p> <p>23 Q In each of these cases in figure eight</p> <p>24 where you list an arbitrator, did you intend to</p> <p>25 signify that the decision about seniority</p>
<p style="text-align: right;">142</p> <p>1 A That's correct.</p> <p>2 Q And with respect to Supplement CC plus</p> <p>3 200, you suggested that the likelihood of the APA</p> <p>4 and the TWA MEC reaching an agreement would have</p> <p>5 approached a hundred percent; correct?</p> <p>6 A In the absence of ALPA's breach; yes.</p> <p>7 Q In the absence of ALPA's breach?</p> <p>8 A Yes.</p> <p>9 Q And in the -- the items -- the</p> <p>10 transactions that you list in figure eight of your</p> <p>11 report --</p> <p>12 A Yes.</p> <p>13 Q -- to your knowledge, did any of those</p> <p>14 involve situations in which one of the unions had</p> <p>15 breached its obligation of fair representation?</p> <p>16 A I'm -- I'm not aware that any of them</p> <p>17 involved a breach.</p> <p>18 Q And even in the absence of any breach,</p> <p>19 the results of your chart indicate that in 25 out of</p> <p>20 30 of those situations, the pilot groups were unable</p> <p>21 to reach agreement between themselves; correct?</p> <p>22 A And in 25 of those 30 mergers, the</p> <p>23 pilots had an automatic right to go to arbitration.</p> <p>24 So they were -- they were not held to negotiate the</p> <p>25 agreement. There was another mechanism available to</p>	<p style="text-align: right;">144</p> <p>1 integration was rendered by the arbitrator?</p> <p>2 A That's correct.</p> <p>3 Q And you didn't intend to signify that</p> <p>4 arbitration had been initiated when you indicated a</p> <p>5 particular name for an arbitrator, did you?</p> <p>6 A Sorry. I don't -- I don't understand</p> <p>7 the question.</p> <p>8 Q The question is, the fact that you list</p> <p>9 an arbitrator's name doesn't signify merely that</p> <p>10 arbitration proceedings were initiated; does it?</p> <p>11 A It means that the arbitrator determined</p> <p>12 the final seniority integration.</p> <p>13 Q And --</p> <p>14 A They issued an award.</p> <p>15 Q And the reason it would be necessary</p> <p>16 for the arbitrator to do that is because the parties</p> <p>17 hadn't been able to reach an agreement between</p> <p>18 themselves; correct?</p> <p>19 A Not on all issues, no. But as I said,</p> <p>20 they will have agreed on some issues.</p> <p>21 Q Now, if there were more actions that</p> <p>22 you could come up with in figure three that ALPA had</p> <p>23 available to it, would it be possible to get to a</p> <p>24 percentage likelihood of the Salamat model being</p> <p>25 agreed to greater than a hundred percent?</p>

36 (Pages 141 to 144)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">145</p> <p>1 A I don't know. It would depend on how 2 many -- how many more and what the actions were. 3 Q As a matter of logic, are you familiar 4 with any way in which you can have a greater than a 5 hundred percent probability of something happening? 6 A No. It could -- it could never exceed 7 a hundred percent. It could never reach a hundred 8 percent. 9 Q Do you consider yourself an expert in 10 probability? 11 A No, I do not. 12 Q And what experience do you have in -- 13 in determining probabilities? 14 A Basic training in math and statistics, 15 you know, up to the second or third year of 16 undergraduate level, I guess. But I wouldn't say 17 that -- that constitutes me being an expert in 18 probability. I'm certainly very experienced in 19 calculating probabilities for various, you know, 20 financial and operational economic reasons, but -- 21 Q Are you familiar with the proper 22 methodology for aggregating probabilities of 23 separate events? 24 A There's -- there's several. So you 25 would have to be more specific.</p>	<p style="text-align: right;">147</p> <p>1 a ten on the first roll be? 2 A One in ten. 3 Q Ten percent? 4 A Ten percent. 5 Q And what would my probability of 6 rolling a ten on the second roll be? 7 A One in ten. 8 Q And -- and if I wanted to determine the 9 probability that I would roll a ten on either of the 10 first two rolls, would I add those probabilities 11 together? 12 A Two in ten. 13 Q And so if I rolled the dice 11 times, 14 would I have a 110 percent chance of rolling a ten? 15 A No, you would not. 16 Q Does that suggest to you that it is not 17 the proper methodology to aggregate probabilities, 18 to add the independent probabilities? 19 A Yeah. I do agree. That for the one in 20 ten chance, that you wouldn't do it that way. If 21 you want to know your probability of rolling a ten, 22 a -- a ten on two subsequent rolls, then you've got 23 a one in ten chance times a one in ten chance. So 24 it is actually multiplied rather than added. You 25 are quite correct.</p>
<p style="text-align: right;">146</p> <p>1 Q Well, if you were trying to evaluate 2 the probability that multiple events, each of which 3 has a -- a possibility of leading to a certain 4 outcome, what the overall probability of that 5 outcome occurring is, do you know how to do that? 6 A If you are talking about -- I believe 7 we were talking about this yesterday with the roll 8 of the dice, that it would -- you never would have a 9 hundred percent chance. So your second roll of the 10 dice would increase your likelihood of eventually 11 hitting a six. You would approach a hundred 12 percent, but you would never hit a hundred percent. 13 So -- 14 Q So -- 15 A -- I believe I'm familiar with the 16 basics of probabilities, certainly. 17 Q Okay. So I would like you to imagine I 18 have a -- a die that has ten sides to it, and I'm 19 trying to determine the probability of rolling a 20 ten. 21 A I believe that's fundamentally the same 22 as we just did the six-sided dice, but sure. 23 Q It's easier for me to calculate. 24 A Okay. 25 Q So what would my probability of rolling</p>	<p style="text-align: right;">148</p> <p>1 Q So if I multiplied those, I would have 2 a one in a hundred chance of rolling a ten on either 3 of the first two rolls? 4 A No. 1.1. So you have an additional 5 ten percent chance. 6 Q I would have a 1.1 percent chance? 7 A You have to -- you have to -- you'd 8 actually have to calculate it the opposite way. 9 Like, there is a -- if you want to do the 10 multiplication, you have a nine in ten chance of -- 11 of not rolling a ten on your first roll. 12 Q Did you try aggregating the 13 probabilities in your chart in figure three using 14 that methodology? 15 A By just straight -- by using a 16 multiplicative and using that form of probabilities? 17 No, I did not, because it's not a dice rolling game 18 that I'm trying to assign a probability to. I'm not 19 trying to establish the likelihood of a random 20 event, which is what you are talking about. This is 21 a what's-more-probable-than-not scenario, so -- 22 Q Can you point me to any source 23 indicating that the proper method of aggregating 24 probabilities in a situation like you present in 25 figure three is to add the independent</p>

37 (Pages 145 to 148)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">149</p> <p>1 probabilities?</p> <p>2 A I would have to go back and -- and take</p> <p>3 a look at some works on probabilities. It is</p> <p>4 certainly not how you would deal with a random</p> <p>5 outcome event, but this is not a random outcome. We</p> <p>6 are not saying that there is a random probability</p> <p>7 that something would or would not occur. So with</p> <p>8 dice, each roll has a discrete chance of producing a</p> <p>9 -- a particular outcome or a discrete -- or has the</p> <p>10 same probability of not producing the outcome. And</p> <p>11 so -- and that's different than saying what's the</p> <p>12 likelihood that any one of these individual actions</p> <p>13 on its own would have produced a particular outcome.</p> <p>14 You can't multiply these in the same way because</p> <p>15 they are not discrete random events. These are just</p> <p>16 simply ways of saying what's the probability -- if</p> <p>17 we assume that all of these actions were available</p> <p>18 to ALPA, and we put a -- a low value on each of them</p> <p>19 in order to discount and take into account the</p> <p>20 likelihood that none of these could have produced an</p> <p>21 agreement on their own, or that any one of them</p> <p>22 could have produced the exact same agreement, how</p> <p>23 can we assess what the fact -- the fact that we have</p> <p>24 a less than one hundred percent chance of knowing</p> <p>25 what would have been produced. So this was my</p>	<p style="text-align: right;">151</p> <p>1 top, you say, it is difficult to overstate the</p> <p>2 importance of seniority for pilots as it determines</p> <p>3 the most important aspects of their working lives,</p> <p>4 including the equipment they operate, whether they</p> <p>5 are a captain or first officer, whether they have a</p> <p>6 schedule or sit reserve, what days they work, how</p> <p>7 much time they are away from home, where they live,</p> <p>8 how many hours they work in a month, when they take</p> <p>9 their vacation, and even what meals they are served</p> <p>10 on board.</p> <p>11 Do you see that?</p> <p>12 A I do.</p> <p>13 Q And when you say it is difficult to</p> <p>14 overstate the importance of seniority for pilots, it</p> <p>15 would be equally true for American Airlines pilots,</p> <p>16 wouldn't it?</p> <p>17 A It would.</p> <p>18 Q And you discuss in your report the</p> <p>19 concept that seniority is a currency that's</p> <p>20 available to pilots; correct?</p> <p>21 A That's correct.</p> <p>22 Q And pilots can make individual</p> <p>23 decisions about what they do with that currency;</p> <p>24 correct?</p> <p>25 A That's correct.</p>
<p style="text-align: right;">150</p> <p>1 method for doing that.</p> <p>2 Q And can you point me to any</p> <p>3 authoritative text that says this is the appropriate</p> <p>4 way to aggregate probabilities in this sort of</p> <p>5 setting?</p> <p>6 A Not in this situation, no. No, I</p> <p>7 cannot.</p> <p>8 Q Just for the sake of the court reporter</p> <p>9 and the record, you have to let me finish asking my</p> <p>10 question before you start to answer.</p> <p>11 A My apology.</p> <p>12 Q And did you consult any authority on</p> <p>13 probability before you decided on the methodology to</p> <p>14 use in aggregating the probabilities on figure</p> <p>15 three?</p> <p>16 A I did not.</p> <p>17 Q You indicate in figure three that what</p> <p>18 you are presenting is a linear model of</p> <p>19 probabilities. What makes it linear?</p> <p>20 A The fact that the -- each -- each</p> <p>21 individual item is -- is being treated as a single,</p> <p>22 discrete event rather than them having combined</p> <p>23 effects on each other, which would be a dynamic</p> <p>24 model.</p> <p>25 Q Now, page twelve of your report on the</p>	<p style="text-align: right;">152</p> <p>1 Q And that's among the reasons that you</p> <p>2 have sort of a variability in earnings that's</p> <p>3 reflected in your figure five; correct?</p> <p>4 A That's correct.</p> <p>5 Q And figure five shows that the pilots</p> <p>6 with similar seniority levels can have substantially</p> <p>7 different monthly earnings; correct?</p> <p>8 A Yeah. They can and do, yes.</p> <p>9 Q And it is also the case that pilots</p> <p>10 with similar earnings can be many thousands of</p> <p>11 places apart on the seniority list; right?</p> <p>12 A That's correct.</p> <p>13 Q And one of the decisions that pilots</p> <p>14 can make is how many hours they work; correct?</p> <p>15 A In some cases.</p> <p>16 Q And --</p> <p>17 A Not -- not in all cases.</p> <p>18 Q And do you know -- do you have an</p> <p>19 understanding of what the range is for how much a</p> <p>20 pilot can choose to work?</p> <p>21 A Sorry. At -- at American Airlines,</p> <p>22 or -- because it is different at every single</p> <p>23 airline.</p> <p>24 Q Let's take American Airlines.</p> <p>25 A Okay.</p>

38 (Pages 149 to 152)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">153</p> <p>1 Q Do you know what the minimum or the</p> <p>2 maximum number of hours they can work would be?</p> <p>3 A I believe the maximum is -- is</p> <p>4 somewhere around 78 hours a month, and the minimum,</p> <p>5 I believe, is somewhere closer to 70. I don't -- I</p> <p>6 don't recall the precise numbers that are in effect</p> <p>7 today, but I believe that's currently what it is.</p> <p>8 Q And some pilots with high enough</p> <p>9 seniority to qualify for better equipment,</p> <p>10 nonetheless, decide to fly equipment that has a</p> <p>11 lower pay scale attached; correct?</p> <p>12 A That's correct.</p> <p>13 Q And it is also true that some pilots</p> <p>14 who have the seniority to qualify for captain choose</p> <p>15 to fly as first officers; correct?</p> <p>16 A That's correct.</p> <p>17 Q Do you do anything in your analysis to</p> <p>18 account for the individual choices pilots are</p> <p>19 capable of making with their seniority?</p> <p>20 A Yes.</p> <p>21 Q What do you do?</p> <p>22 A We use a rolling average in order to</p> <p>23 assign a monetary value for each seniority number on</p> <p>24 the list.</p> <p>25 Q How does that account for the</p>	<p style="text-align: right;">155</p> <p>1 less desirable schedules according to their own</p> <p>2 immediate seniority group peers. Pilots who</p> <p>3 earn less than that will certainly -- pilots who</p> <p>4 earn less than that will have maximized lifestyle at</p> <p>5 the cost of income. So by using an average, we get</p> <p>6 rid of people's individual preferences and are able</p> <p>7 to actually put a monetary value on a change from</p> <p>8 any given number to any other given seniority</p> <p>9 number.</p> <p>10 Q So you try to account for what any</p> <p>11 individual pilot would do with additional seniority</p> <p>12 by looking at the increased earnings on average that</p> <p>13 someone with that level of increased seniority would</p> <p>14 have; is that correct?</p> <p>15 A Yeah. I -- I believe that's a -- a</p> <p>16 reasonable way to put it. You know --</p> <p>17 Q Is it accurate?</p> <p>18 A Well, it is not exactly how I would put</p> <p>19 it.</p> <p>20 Q Is there some way in which it is</p> <p>21 inaccurate?</p> <p>22 A Well, let's -- let's hear it again, and</p> <p>23 I will -- I'll give you a -- just a plain old yes or</p> <p>24 no.</p> <p>25 Q Okay. So the question was, so you</p>
<p style="text-align: right;">154</p> <p>1 individual choices that pilots can make about how to</p> <p>2 use their seniority?</p> <p>3 A Well, pilots trade off lifestyle for</p> <p>4 income, so there is two ways you can determine what</p> <p>5 the actual maximum value or -- or the representative</p> <p>6 value of any particular seniority number. Two</p> <p>7 methods that are used is to -- well, three methods</p> <p>8 that are used, one is to take a linear average and</p> <p>9 say, on average, income goes down \$50 for each</p> <p>10 seniority number, for instance.</p> <p>11 The other is to use what's referred to</p> <p>12 sometimes as stovepipe or sometimes linear</p> <p>13 seniority, which is to say, well, what each pilot</p> <p>14 earned at each seniority number if every pilot bid</p> <p>15 in order to maximize their earnings.</p> <p>16 And the third is to use some type of average,</p> <p>17 and the most common one is a rolling average. And</p> <p>18 so, by doing that, you figure out the most</p> <p>19 representative and true value of a particular</p> <p>20 seniority number if pilots do, on average, what</p> <p>21 their seniority will allow them to. So it is very</p> <p>22 close to a stovepipe average.</p> <p>23 And so pilots who are above that level of</p> <p>24 income, we know that they've traded lifestyle for</p> <p>25 income because they will be people who will have</p>	<p style="text-align: right;">156</p> <p>1 tried to account what for any individual pilot would</p> <p>2 do with individual seniority by looking at the</p> <p>3 increased earnings on average that someone with that</p> <p>4 level of increased seniority would have; is that</p> <p>5 correct?</p> <p>6 A Well, I don't try to account. I do</p> <p>7 account. It does account for it.</p> <p>8 Q That's the manner in which you would</p> <p>9 account; correct?</p> <p>10 A Yes, that's correct.</p> <p>11 Q And in your analysis, you try to make</p> <p>12 any individualized inquiry of what a -- a given</p> <p>13 pilot actually would have done if they had gotten,</p> <p>14 for example, 200 additional ranking points on the</p> <p>15 seniority list.</p> <p>16 A What do I -- do I -- if I understand</p> <p>17 your question correctly, do I try to predict what an</p> <p>18 individual pilot would actually do with an</p> <p>19 additional seniority number? With a better</p> <p>20 seniority number?</p> <p>21 Q Did you try to make any individualized</p> <p>22 inquiry into what the pilots on the list would have</p> <p>23 done had they been given a specific amount of</p> <p>24 additional seniority?</p> <p>25 A So if -- if I understand your question</p>

39 (Pages 153 to 156)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">157</p> <p>1 correctly, you are asking if I gave Bob a thousand 2 more numbers, put him a thousand numbers up the 3 seniority list, what would he do with that thousand 4 numbers? No.</p> <p>5 Q Do you -- did you try -- does your 6 analysis attempt to make any inquiry into what Bob, 7 in your example, would have done if he was one 8 thousand places higher on the seniority list?</p> <p>9 A No. All -- all we can know is what the 10 value of moving up a thousand numbers is. You can 11 never know what Bob's going to do. Bob doesn't know 12 what Bob's going to do. I've actually shown that 13 pretty clearly in another analysis that I did at one 14 point. So, you know, pilots don't know what they 15 will do when their seniority number is increased. 16 They think they know, but circumstances change, so I 17 couldn't know if they can't.</p> <p>18 Q Do you have an understanding of how the 19 St. Louis fence worked?</p> <p>20 A I do.</p> <p>21 Q And what's the basis for your 22 understanding?</p> <p>23 A Supplement CC?</p> <p>24 Q So what's your understanding of how the 25 St. Louis fence worked?</p>	<p style="text-align: right;">159</p> <p>1 On page 43, it says, just below bidding 2 restrictions, the second sentence says, if a pilot 3 is in a protected position -- that would be one of 4 these St. Louis fence positions -- if a pilot is in 5 a protected position, then increasing his seniority 6 may not increase his income as he is already holding 7 a higher paying position than he would otherwise be 8 able to hold.</p> <p>9 What this means is that the pilot has 10 basically been given an artificial seniority number 11 that gives him access to a position that he wouldn't 12 be able to hold had that St. Louis fence not been 13 there.</p> <p>14 It was mentioned above that one method for -- 15 employed for -- it was mentioned above that one 16 method for -- one method employed for ensuring that 17 impacts are not overstated was to use a rolling 18 income line calculated without wide-body captains.</p> <p>19 An additional method used was to identify 20 pilots in protected positions and assume zero impact 21 in the month in which they were holding a position 22 out of seniority order. To determine which pilots 23 to treat as holding a protected position, the 24 seniority threshold number for being able to hold a 25 position by dint of that seniority alone was</p>
<p style="text-align: right;">158</p> <p>1 A The St. Louis fence provided a number 2 of captain jobs that would be placed in St. Louis 3 based on the number of captain positions they had on 4 certain equipment at other American Airlines bases, 5 and that those positions would only be available to 6 TWA -- former TWA pilots.</p> <p>7 Q And to your understanding, did the 8 St. Louis fence have any application to TW -- legacy 9 TWA pilots who were not captains?</p> <p>10 A I'm sorry. I don't understand your 11 question. Did it -- did it --</p> <p>12 Q Did it have any application to legacy 13 TWA pilots who weren't captains?</p> <p>14 A I -- I believe the FO positions in 15 St. Louis could only be also held by TWA pilots, but 16 I don't -- there was no guaranteed number of first 17 officer positions.</p> <p>18 Q And did you attempt in your analysis to 19 take into account the operation of the St. Louis 20 fence?</p> <p>21 A I did.</p> <p>22 Q How did you do that?</p> <p>23 A If I could turn to the report? If -- 24 well, that wouldn't be the St. Louis fence, so let's 25 skip that part.</p>	<p style="text-align: right;">160</p> <p>1 calculated as follows. And then we get to an 2 equation, which I will just tell you what it says. 3 We can go through it in -- in detail if you want, 4 but what it says is that if I increase that pilot's 5 seniority number a thousand, say, to use an 6 arbitration number, and he is outside of the bidding 7 range for that position, then increasing his 8 seniority number wouldn't have improved his 9 situation. He wouldn't be able to hold that so he's 10 in a protected position, so, therefore, the impact 11 on him is zero.</p> <p>12 So there is a formula that we use in order to 13 say what the bidding range is, and whether 14 increasing that range in order to basically 15 accommodate additional positions that would now be 16 available system-wide that were previously there in 17 St. Louis would be known. So that's -- that's 18 one -- that's the most important way we do it.</p> <p>19 The other -- actually, I believe it is forward 20 in the report, is what was referred to as the 21 rolling income that's calculated as is described -- 22 the last paragraph on page 41. Due to a fence 23 preventing the TWA pilots from bidding into the 777 24 and A300 captaincies until the end of 2011, a 25 different average income line was used to estimate</p>

40 (Pages 157 to 160)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">161</p> <p>1 the impacts during April 2002 to 2012.</p> <p>2 So what that says is, because the TWA pilots</p> <p>3 were prevented from holding these other positions,</p> <p>4 we leave them out of the rolling average that we</p> <p>5 calculate. And so, if moving somebody from the</p> <p>6 middle of the list to the very top of the list would</p> <p>7 have put them in the range, obviously, of holding</p> <p>8 the best paying job, we still only use the average</p> <p>9 that includes positions -- only positions that they</p> <p>10 were enabled -- were allowed to hold in St. Louis,</p> <p>11 so --</p> <p>12 Q Now that list restriction that you</p> <p>13 talked about with the 777 and A300 captaincies,</p> <p>14 that's not part of the St. Louis fence; correct?</p> <p>15 A Not specifically. It was prior to the</p> <p>16 bidding restrictions.</p> <p>17 Q So what you do to try and take into</p> <p>18 account the St. Louis fence is what you pointed to</p> <p>19 on pages 43 and 44; correct?</p> <p>20 A That's correct.</p> <p>21 Q Is there any other way in your analysis</p> <p>22 that you try to take into account the operation of</p> <p>23 the St. Louis fence?</p> <p>24 A That is the -- that is the way -- using</p> <p>25 a rolling average was one way in which, you know, we</p>	<p style="text-align: right;">163</p> <p>1 of the TWA pilots were consolidated into the</p> <p>2 St. Louis domicile?</p> <p>3 A For some time, yes.</p> <p>4 Q So given that if I gave every TWA pilot</p> <p>5 an additional thousand rankings on the seniority</p> <p>6 list, is it true that the TWA pilots are only</p> <p>7 competing against other TWA pilots within the</p> <p>8 St. Louis domicile?</p> <p>9 A If that thousand number is also</p> <p>10 included in the St. Louis fence as it was. I think</p> <p>11 I said -- I'm pretty sure I said that I didn't</p> <p>12 believe that that's what the parties would agree to.</p> <p>13 So it really is apples and oranges. What I said was</p> <p>14 quite different.</p> <p>15 Q My question is not about what you said.</p> <p>16 My question is about, if I gave an additional</p> <p>17 thousand rankings to each TWA pilot on the seniority</p> <p>18 list, is it true that the TWA pilots are just</p> <p>19 competing against the other TWA pilots within the</p> <p>20 St. Louis domicile?</p> <p>21 A Well, if the St. Louis cell was part of</p> <p>22 this alternate of seniority rank -- seniority</p> <p>23 integration that you are talking about, then -- then</p> <p>24 that would be true.</p> <p>25 Q Is the St. Louis fence a component of</p>
<p style="text-align: right;">162</p> <p>1 attempted to account for people who are in different</p> <p>2 bases, but this -- this -- this mechanism that I</p> <p>3 just talked about where we expand the bidding range,</p> <p>4 and if a pilot is not able to hold a position with</p> <p>5 an increased seniority number, we zero the impact on</p> <p>6 the pilot for the month, is the main way we</p> <p>7 accounted for the functioning of the -- it is the</p> <p>8 way -- it is the main way that we account for the</p> <p>9 functioning of the St. Louis fence.</p> <p>10 Q So in every list that you proposed that</p> <p>11 you say might have been agreed upon had ALPA done</p> <p>12 different things, is it true that you maintain the</p> <p>13 same relative order of the TWA pilots compared to</p> <p>14 the list they had at TWA?</p> <p>15 A That's correct.</p> <p>16 Q And does Supplement CC maintain the</p> <p>17 same relative order of the TWA pilots relative to</p> <p>18 the order they were in at TWA?</p> <p>19 A That's correct.</p> <p>20 Q Now, if the St. Louis fence -- your</p> <p>21 understanding is that it prevents American Airlines</p> <p>22 pilots from bidding for positions in the St. Louis</p> <p>23 domicile; correct?</p> <p>24 A That's correct.</p> <p>25 Q And is it your understanding that all</p>	<p style="text-align: right;">164</p> <p>1 the Salamat damage model as it appears in Supplement</p> <p>2 CC?</p> <p>3 A No, it's not.</p> <p>4 THE WITNESS: You want to take a quick</p> <p>5 break?</p> <p>6 MR. TOAL: Let me just finish this</p> <p>7 line.</p> <p>8 THE WITNESS: Sure.</p> <p>9 BY MR. TOAL:</p> <p>10 Q With respect to the TWA pilots</p> <p>11 operating under Supplement CC, would you agree that</p> <p>12 for any time period during which they were employed</p> <p>13 by American Airlines, the TWA pilots are not</p> <p>14 sustaining damages by virtue of their position on</p> <p>15 the integrated seniority list?</p> <p>16 A I'm sorry. I don't understand. I</p> <p>17 don't think I agree, but maybe I don't understand</p> <p>18 the question properly. I -- I know I don't</p> <p>19 understand the question.</p> <p>20 Q Well, when the TWA pilots within the</p> <p>21 St. Louis cell are bidding, is what's important to</p> <p>22 whether they win a particular bid their absolute</p> <p>23 number on the list or their number relative to the</p> <p>24 other people who are bidding?</p> <p>25 A For equipment bidding under the</p>

41 (Pages 161 to 164)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">165</p> <p>1 St. Louis fence in Supplement CC?</p> <p>2 Q For any type of bidding.</p> <p>3 A Well, under the -- well, no. Under the</p> <p>4 St. Louis fence, they are only bidding against TWA</p> <p>5 pilots.</p> <p>6 Q So during the period in which the</p> <p>7 St. Louis fence was in operation, if the TWA pilots</p> <p>8 had a lower position on the ranking relative to the</p> <p>9 American Airlines pilots than you think they should</p> <p>10 have had, how would that damage the TWA pilots</p> <p>11 during the period that they were employed by</p> <p>12 American Airlines?</p> <p>13 A Well, we'll have to go back to what I</p> <p>14 originally started off with talking about how it is</p> <p>15 that we value seniority in the first place given</p> <p>16 people have different lifestyle choices.</p> <p>17 You know, people's earnings are -- are a</p> <p>18 product, first of all, of how many hours they work.</p> <p>19 And you ask what contributes to how many hours they</p> <p>20 work. Part of that is choice. Part of that is</p> <p>21 whether they are reserve or a line holder. A big</p> <p>22 part of that is what their base is. The St. Louis</p> <p>23 base predominantly flew much fewer hours as line</p> <p>24 holders than the other bases did. So by preventing</p> <p>25 a TWA pilot from flying the exact same job but</p>	<p style="text-align: right;">167</p> <p>1 weren't able to exercise their seniority in a way</p> <p>2 that might be most optimal for them individually.</p> <p>3 They were told where they could work -- where they</p> <p>4 could --</p> <p>5 Q Other than what you've described, can</p> <p>6 you think of any other way a TWA pilot within the</p> <p>7 St. Louis domicile could be damaged --</p> <p>8 A Well, damaged financially or damaged in</p> <p>9 lifestyle?</p> <p>10 Q -- could be damaged during the period</p> <p>11 that they were employed by American Airlines other</p> <p>12 than what you testified to?</p> <p>13 A That would be from 2002 to -- until</p> <p>14 today? When you say when they were employed by</p> <p>15 American Airlines?</p> <p>16 Q Yes.</p> <p>17 A Any other way they could have been</p> <p>18 damaged financially or in terms of, you know,</p> <p>19 compromised lifestyle? Choices that they weren't</p> <p>20 allowed to make, you know, the same as the other</p> <p>21 American Airlines pilots? Well, I mean, those are</p> <p>22 financial damages and lifestyle damages, and people</p> <p>23 had all kinds of, you know, other forms of harm that</p> <p>24 presumably they suffered as a result of, you know,</p> <p>25 having to -- having to be restricted to one base.</p>
<p style="text-align: right;">166</p> <p>1 restricting him to St. Louis meant he was going to</p> <p>2 fly fewer hours than he would've had he had more</p> <p>3 seniority and was able to bid system-wide, number</p> <p>4 one, you know.</p> <p>5 Number two, you -- you've restricted the pilot</p> <p>6 to one base, and so one of the most important ways</p> <p>7 that pilots exercise their seniority is to choose</p> <p>8 their domicile. And so, you know, one of the things</p> <p>9 I said was, you know, pilots who are earning more</p> <p>10 than the average income for their cohort are</p> <p>11 sacrificing lifestyle relative to what's available</p> <p>12 to the people and their cohort. And so, by saying</p> <p>13 you can only bid in one junior base where you will</p> <p>14 have more seniority, you've sacrificed the value of</p> <p>15 being able to choose other bases. And so, this is</p> <p>16 one of those lifestyle costs. That means that if</p> <p>17 you are above the average, as the TWA pilots were,</p> <p>18 the lifestyle impact -- that is they couldn't choose</p> <p>19 other bases. They couldn't choose other schedules.</p> <p>20 And they couldn't, you know, bid outside of one</p> <p>21 domicile.</p> <p>22 So I'm hoping this answers your question.</p> <p>23 Q And other than --</p> <p>24 A -- in terms how they were damaged. I</p> <p>25 mean, they were damaged because, you know, they</p>	<p style="text-align: right;">168</p> <p>1 The only ones I'm really concerned with are the</p> <p>2 financial ones, you know, lifestyle and income. You</p> <p>3 know, to the -- the fact is they're interchangeable</p> <p>4 and so you always have to consider them as the same</p> <p>5 thing.</p> <p>6 Q Would -- would you agree that a TWA</p> <p>7 pilot in the St. Louis domicile is not going to</p> <p>8 suffer damages during the operation of the St. Louis</p> <p>9 fence because an American Airline pilot with a</p> <p>10 higher position on the list came in and took their</p> <p>11 preferred position?</p> <p>12 MR. JACOBSON: I object to the form of</p> <p>13 the question. I don't understand it.</p> <p>14 THE WITNESS: I'm sorry. I don't</p> <p>15 understand the question. What -- can you ask it --</p> <p>16 BY MR. TOAL:</p> <p>17 Q Can you conceive of any way during the</p> <p>18 operation of the St. Louis fence that a TWA pilot</p> <p>19 could be damaged by losing out in -- in the bidding</p> <p>20 to an American Airline pilot?</p> <p>21 A Under Supplement CC as it actually</p> <p>22 occurred?</p> <p>23 Q Yes.</p> <p>24 A Under Supplement CC, with the St. Louis</p> <p>25 fence as it occurred in -- in -- in Supplement CC,</p>

42 (Pages 165 to 168)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">169</p> <p>1 no. American Airlines pilots, you know, bid outside 2 of St. Louis, so I -- I would have to say an 3 American Airlines pilot could not directly have 4 taken work from a TWA pilot. 5 Q And did you take that fact into account 6 in your analysis? 7 A But -- but that's -- that's not what 8 the analysis was. The analysis was to say, under 9 Supplement CC with those fences in place, versus 10 another seniority integration with a different set 11 of bidding restrictions related to but different 12 from those in Supplement CC, it is the difference 13 between those two that create the damages. Not -- 14 not whether American Airlines pilots could have done 15 anything under Supplement CC. 16 So I -- I think maybe I'm a little confused 17 about what -- what type of damage you might be 18 talking about because we are talking about two 19 different things. 20 Q Does your analysis assume that the 21 St. Louis fence would have taken a different form? 22 A It does. 23 Q And is that described in your report 24 somewhere? 25 A It is.</p>	<p style="text-align: right;">171</p> <p>1 from bidding outside of St. Louis. 2 Q And where in Supplement CC, did you get 3 the understanding that the TWA pilots were prevented 4 from bidding outside the St. Louis base? 5 A That was just my understanding from 6 Supplement CC. I have to go back to -- my 7 understanding is the only way -- that understanding 8 came from Supplement CC directly. My -- the only 9 way I believe that any St. Louis pilot was able to 10 get outside of St. Louis was when they returned from 11 furlough. Pilots who came back after furlough were 12 able to bid anywhere within the system, so it was 13 not until very late in 2000, somewhere around 2008, 14 you start seeing St. Louis pilots anywhere other 15 than St. Louis, except for one other pilot, which I 16 don't understand how that pilot ended up with a JFK 17 base. Maybe they were a management pilot, or maybe 18 it was a mistake. I don't know. 19 Q Okay. Other than items one, two, and 20 four on page 35 that we just reviewed, is there any 21 other respect in which your model modifies the 22 operation of the St. Louis fence as it appears in 23 Supplement CC? 24 MR. JACOBSON: I object to form. Are 25 you meaning excluding all -- what he just testified</p>
<p style="text-align: right;">170</p> <p>1 Q Where is that? 2 A If you go to page 32, it goes into the 3 history of bidding restrictions. 4 Sorry. I'm sorry this does go on for some 5 time. Let me get to the punchline here. 6 Q Let me direct your attention to page 7 35. 8 A Sure. Yes, okay. 9 Q Do you see in number four, you indicate 10 that TWA pilots would not have been prevented from 11 bidding outside the St. Louis base? 12 A That's correct. 13 Q Is that the only change that your model 14 assumes to the operation of the St. Louis fence? 15 A Well, no. Number one and two, under 16 Supplement CC, the 30 percent figure was a -- was a 17 maximum. It was the TWA pilots who could not hold 18 any more than that number of positions. They were 19 only allowed in St. Louis, and that was the number 20 of positions that were going to be put in St. Louis. 21 What I've said is, well, that might be fine as a 22 floor, and all the reasoning behind why the TWA 23 could not agree to that as a maxima are up ahead. 24 It is different that it is a floor and not a maxima, 25 and it is different in that they are not restricted</p>	<p style="text-align: right;">172</p> <p>1 to in the last 20 minutes? 2 THE WITNESS: Those three -- these four 3 conditions are what I assume are the conditions that 4 the pilots would have agreed to. One, two and four 5 are different from Supplement CC. Number three is 6 different from Supplement CC only in date. There 7 was a drop-dead date for the wide-body captain or 8 the wide-body position protection that extended to 9 both captains and first officers under Supplement 10 CC. I assume they would have agreed to, you know -- 11 BY MR. TOAL: 12 Q I'm only asking about any respects in 13 which your model assumes a modification of the 14 St. Louis fence. 15 Is there anything other than items one, two 16 and four here that constitutes a modification in the 17 Salamat model to the way the St. Louis fence 18 operated? 19 A No. By the St. Louis fence, you just 20 mean specifically that that St. Louis cell or do you 21 mean all of the bidding restrictions that were part 22 of Supplement CC? Because they were discussed 23 together. 24 Q I just mean -- when I refer to the 25 St. Louis fence, I'm talking about the proposition</p>

43 (Pages 169 to 172)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">173</p> <p>1 that American pilots can't bid into the St. Louis 2 domicile. 3 A Those -- those three would be 4 different, yes. 5 Q Okay. 6 A And I think those are the only three 7 important differences. 8 Q To your -- to your understanding, 9 Supplement CC prevents American Airlines pilots from 10 bidding into the St. Louis domicile; correct? 11 A That's correct. 12 Q And your Salamat model also presumes 13 that American Airline pilots would not have the 14 ability to bid into the St. Louis domicile; correct? 15 A No. It -- it assumes that all pilots 16 can bid anywhere within the system. 17 MR. TOAL: We can go off the record. 18 VIDEO SPECIALIST: The time is now 19 3:00 and this ends this number three. 20 (Brief recess.) 21 VIDEO SPECIALIST: The time is now 3:24 22 and we are back on the video record. 23 BY MR. TOAL: 24 Q Mr. Salamat, before the break we were 25 talking about whether your Salamat model had some</p>	<p style="text-align: right;">175</p> <p>1 St. Louis. 2 Q So in your Salamat model, I understand 3 that you have a guaranteed number of positions for 4 the TWA pilots. 5 A Yes. 6 Q But you don't have any sort of 7 St. Louis fence operating in either direction; 8 correct? 9 A That's correct. 10 Q And did you have any information 11 suggesting to you that the APA would have been 12 willing to agree to a seniority integration list 13 that didn't have a St. Louis fence? 14 A Not specifically any information that 15 they would have been able to -- that they would have 16 been willing to that -- to that specific guarantee 17 arrangement. 18 Q Did you generally have any information 19 to that effect? 20 A Well, they -- they generally had 21 information in Supplement CC that they were willing 22 to protect some number of positions, so that much is 23 -- is not in contention. And they said, I believe, 24 in their first proposal even, that they were 25 prepared to guarantee the TWA pilots access to some</p>
<p style="text-align: right;">174</p> <p>1 version of a St. Louis fence. Do you recall that 2 testimony? 3 A I do. 4 Q And you -- you reflected in your report 5 at page 35 at number four that the TWA pilots would 6 not have been prevented from bidding outside the 7 St. Louis base; correct? 8 A That's correct. 9 Q And you testified that in your Salamat 10 model, American Airlines pilots would also be able 11 to bid into the St. Louis base; correct? 12 A That's correct. 13 Q And so that's the equivalent of not 14 having a St. Louis fence; correct? 15 A I -- I wouldn't -- I wouldn't -- I 16 don't know if I would go that far. You know, the 17 St. Louis fence was the mechanism by which they 18 guaranteed a number of positions for the TWA pilots. 19 So the -- there is the -- there is two parts to it. 20 There is the fact that it was in St. Louis and then 21 there is the fact of the guarantee. I maintain the 22 guarantee, but just, you know, didn't -- didn't 23 have -- have it specific to the St. Louis base. So 24 the number of positions guaranteed would remain the 25 same. They just wouldn't necessarily have to be in</p>	<p style="text-align: right;">176</p> <p>1 number of positions so they had been consistent in 2 -- in the negotiations that they were prepared to do 3 that. 4 Q So I'm not talking about the 5 guarantees. I'm talking about the concept of a 6 fence that prevents people from bidding in or 7 bidding out. 8 A Well, the St. Louis fence came after 9 some of their first proposals, and so I don't -- I 10 don't believe that even their first proposals where 11 they were proposing to protect some positions was 12 tied to St. Louis. I believe that particular 13 construct came later. The fact that the guaranteed 14 positions would be tied to a St. Louis fence, I 15 believe, was -- was something that came up later in 16 the negotiations and wasn't entangled to 17 their intention to protect positions. If it -- if 18 it was -- it wouldn't have been there in their -- it 19 would have been there in their first proposals. 20 Q Is it your conclusion that had ALPA 21 pursued the strategies that you outline in your 22 report, that at the end of the day, the TWA MEC and 23 the APA would have agreed to a seniority integration 24 agreement that didn't contain a St. Louis fence? 25 A I -- I mean, by St. Louis fence, do you</p>

44 (Pages 173 to 176)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">177</p> <p>1 mean that specific method of protecting jobs or any 2 job protections at all?</p> <p>3 Q When I refer to the St. Louis fence, 4 I'm referring specifically to the inability of 5 American Airlines pilots to bid into the St. Louis 6 domicile.</p> <p>7 A Well, the TWA pilots had proposed 8 protections that didn't restrict them to St. Louis. 9 The American Airlines pilots had proposed 10 protections for the TWA pilots that didn't include 11 the TW -- the St. Louis fence, so I have to conclude 12 that, yes, they would have been able to.</p> <p>13 Q And you're -- not -- not just that they 14 would have been able to, but your conclusion is that 15 if they had continued to negotiate and the ALPA had 16 pursued all the actions you outlined in your report, 17 that that's the structure of the agreement that the 18 parties would have reached; correct?</p> <p>19 A I think it is more probable than not.</p> <p>20 Q Do you know which side of the 21 negotiations proposed the St. Louis fence?</p> <p>22 A I do not.</p> <p>23 Q Do you know if the TWA MEC would have 24 agreed to any integration proposal that did not 25 include a provision preventing American Airlines</p>	<p style="text-align: right;">179</p> <p>1 predominantly more line holders and flying more 2 hours.</p> <p>3 Q Have you done any analysis to compare 4 the average earnings of TWA pilots before the 5 transaction with American Airlines and after the 6 transaction with American Airlines?</p> <p>7 A I have not.</p> <p>8 Q Do you have the information necessary 9 to do that analysis?</p> <p>10 A I -- I don't know that I do. 11 (Salamat-13 Supplement CC marked for 12 identification.) 13 BY MR. TOAL: 14 Q I'm going to mark for you a copy of the 15 document entitled Supplement CC, and if you can let 16 me know if you've seen this document before. 17 MR. JACOBSON: Is this Exhibit 13? 18 MR. TOAL: Yes, Salamat Exhibit-13. 19 THE WITNESS: I believe I have. The -- 20 the -- the copy I have is not formatted the same, 21 but I have no reason to believe that it is 22 different, that the text is any different than this 23 one. 24 BY MR. TOAL: 25 Q You testified previously that your</p>
<p style="text-align: right;">178</p> <p>1 pilots from bidding into the St. Louis domicile?</p> <p>2 A Well, as -- as I say, the rightful 3 place proposal, which was their most comprehensive 4 position, didn't include a specific protection of 5 St. Louis. It did include protection of jobs, but 6 not necessarily specific to St. Louis.</p> <p>7 Q You said before the break that the TWA 8 pilots in St. Louis were limited to fewer hours than 9 they would have been able to fly other domiciles. 10 Do you recall that testimony?</p> <p>11 A I'm -- I'm not sure that's exactly what 12 I said, but it did appear when we went back and 13 looked at the -- the flying history, that line 14 holders in St. Louis got fewer credit hours than 15 line holders at other bases for the same equipment.</p> <p>16 Q Is that an analysis that's presented in 17 your report?</p> <p>18 A It is reflected in the manner in which 19 the average income increases as you move up the 20 seniority list and you get past the range where the 21 TWA pilots are for pilots flying essentially the 22 same position. It is the only -- it's the most 23 common reason why the income goes up at the higher 24 end once you get north of where the senior TWA pilot 25 is, is that you now find pilots who are</p>	<p style="text-align: right;">180</p> <p>1 understanding of Supplement CC is that it contained 2 some sort of prohibition that prevented TWA pilots 3 from bidding out of the St. Louis domicile; correct?</p> <p>4 A That's -- that's my understanding.</p> <p>5 Q And can you show me where in Supplement 6 CC you derive that understanding?</p> <p>7 A Yeah. My understanding would -- most 8 likely would have come from the trial transcript. 9 But, more particularly, it came from conversations 10 with one TWA pilot in particular, and that's the 11 historical employment history.</p> <p>12 Q Didn't you testify before the break 13 that your understanding of Supplement CC derived 14 directly from your review of the document?</p> <p>15 A Yes.</p> <p>16 Q Okay. Are you now saying that your 17 understanding of Supplement CC derived from the 18 trial transcript and conversations with a TWA pilot?</p> <p>19 A That was after I wrote the report.</p> <p>20 Q What was after you wrote the report?</p> <p>21 A The conversation with the -- the TWA 22 pilot in question was after I wrote the report.</p> <p>23 Q Which -- which TWA pilot did you have 24 this conversation with?</p> <p>25 A His name is Robert Herbst. Herbst.</p>

45 (Pages 177 to 180)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">181</p> <p>1 Q So to the extent you have any</p> <p>2 understanding of Supplement CC that's reflected in</p> <p>3 your report, what was that derived from?</p> <p>4 A Sorry?</p> <p>5 Q To the extent --</p> <p>6 A I was looking for --</p> <p>7 Q To the extent you have understanding of</p> <p>8 Supplement CC that's reflected in your report, where</p> <p>9 would that understanding have been derived from?</p> <p>10 A From this document itself and from the</p> <p>11 employment history of -- of all the American and TWA</p> <p>12 pilots that was provided by American Airlines.</p> <p>13 Yeah. It was probably more of a subtractive issue,</p> <p>14 but additional TWA pilot captain positions.</p> <p>15 Q Where are you referring to on this</p> <p>16 document?</p> <p>17 A I'm on page seven.</p> <p>18 Q Where does it say that --</p> <p>19 A I'm sorry. Just bear with me for a</p> <p>20 moment. I'm still reading it.</p> <p>21 Yes. There -- there does appear to be a</p> <p>22 condition here which allows TWA pilots to hold a</p> <p>23 position outside of St. Louis if the number of</p> <p>24 positions in St. Louis drops below a certain number.</p> <p>25 So I'm looking at section two -- two, where it says</p>	<p style="text-align: right;">183</p> <p>1 understanding that they were prevented from holding</p> <p>2 any equipment outside of St. Louis. But if I was</p> <p>3 incorrect in that, then it wouldn't have functioned</p> <p>4 as a -- as a maximum. I'm not sure that I am</p> <p>5 incorrect about that, but I would have to re-read</p> <p>6 Supplement CC in its entirety to give a clearance to</p> <p>7 that.</p> <p>8 Q Well, if you could you tell me where in</p> <p>9 Supplement CC you derived your understanding that</p> <p>10 the number of positions guaranteed to the TWA pilots</p> <p>11 operated as a maximum.</p> <p>12 A Well, sitting here right now, I can't</p> <p>13 identify it, and so I would have to go back and</p> <p>14 review Supplement CC in some more detail to refresh</p> <p>15 myself as to where I got that understanding from. I</p> <p>16 certainly had that understanding supported by the</p> <p>17 fact there was only 30 percent of those positions</p> <p>18 made -- only 30 percent of the captain positions of</p> <p>19 those two bases were ever occupied by TWA pilots</p> <p>20 from 2002 to 2012. So I -- I -- I can't say</p> <p>21 absolutely that that 30 percent also functioned as a</p> <p>22 cap.</p> <p>23 Q Well, you said that absolutely in your</p> <p>24 report; correct?</p> <p>25 A Sorry?</p>
<p style="text-align: right;">182</p> <p>1 in a contractual one in which the number of small</p> <p>2 wide-body captain line positions declines, the most</p> <p>3 junior TWA pilots holding such positions outside of</p> <p>4 the St. Louis domicile in excess of the number of</p> <p>5 positions reserved for the TWA pilots will cease to</p> <p>6 be protected.</p> <p>7 So that would suggest that they were able to</p> <p>8 bid outside of St. Louis under some conditions.</p> <p>9 Q And you also say in your report that</p> <p>10 your understanding of the number of guaranteed</p> <p>11 positions attributable to the TWA pilots was both a</p> <p>12 floor and -- and a ceiling; correct?</p> <p>13 A That's correct.</p> <p>14 Q So is it your understanding based on</p> <p>15 Supplement CC that Supplement CC provided that TWA</p> <p>16 pilots would always have exactly 30 percent of the</p> <p>17 aggregate number of pilot positions at Dallas/Fort</p> <p>18 Worth and Chicago?</p> <p>19 A Captains.</p> <p>20 Q Captain positions?</p> <p>21 A Captain positions. That was the --</p> <p>22 that was the guaranteed number of captain positions.</p> <p>23 Q And in what sense did it operate as a</p> <p>24 maximum?</p> <p>25 A Well, that was based on my</p>	<p style="text-align: right;">184</p> <p>1 Q That you said absolutely in your</p> <p>2 report, didn't you?</p> <p>3 A That was my belief when I wrote the</p> <p>4 report, that it was a cap.</p> <p>5 Q And as you sit here right now, you are</p> <p>6 not able to point me to anywhere in Supplement CC</p> <p>7 that's a source of your understanding?</p> <p>8 A Not -- not as I sit here right now.</p> <p>9 Q Okay. Will you review Supplement CC</p> <p>10 this evening after the deposition?</p> <p>11 A I will potentially do that. This is a</p> <p>12 very, very tiring exercise, and so I'm probably</p> <p>13 going to need some sleep tonight, but --</p> <p>14 Q Okay. If I can ask you the same</p> <p>15 question tomorrow morning --</p> <p>16 A And I may give you the same answer, so</p> <p>17 we will just see where we end up.</p> <p>18 Q Do each of your models employ the same</p> <p>19 construct for how a St. Louis fence would have</p> <p>20 operated?</p> <p>21 A By guaranteeing 30 percent of the</p> <p>22 positions, yes.</p> <p>23 Q But not preventing American Airlines'</p> <p>24 pilots from bidding into the St. Louis domicile;</p> <p>25 correct?</p>

46 (Pages 181 to 184)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">185</p> <p>1 A That's correct.</p> <p>2 Q Okay. On page 28 of your report, you</p> <p>3 present something you call a marginal list; correct?</p> <p>4 A That's correct.</p> <p>5 Q And in creating the marginal list, you</p> <p>6 state in your report that a list that is only</p> <p>7 marginally but materially better than Supplement CC</p> <p>8 served as the model for this list; right?</p> <p>9 A That's correct.</p> <p>10 Q Why did you impose the condition in</p> <p>11 your marginal list that it had to be materially</p> <p>12 better than Supplement CC?</p> <p>13 A Well, there had to be harm, number one.</p> <p>14 And so, as I said, the difference between adding one</p> <p>15 pilot into the merged group would not have generated</p> <p>16 any damages at all. But more particularly, I had</p> <p>17 to -- I had to say what is, had ALPA pursued all of</p> <p>18 those actions, what is the minimum change that could</p> <p>19 be expected? And so -- as to generate damages</p> <p>20 stemming directly from the breach. So this would</p> <p>21 be, as I said, adding an additional 200 pilots into</p> <p>22 the merged group.</p> <p>23 Q There is nothing in the jury verdict</p> <p>24 that requires any alternative list to be materially</p> <p>25 better than Supplement CC; correct?</p>	<p style="text-align: right;">187</p> <p>1 what the results of an arbitration of the seniority</p> <p>2 integration dispute between the APA and the TWA MEC</p> <p>3 would have looked like; correct?</p> <p>4 A That's correct.</p> <p>5 Q And at page seven of your report, you</p> <p>6 say, because -- at the bottom of the page, because</p> <p>7 some of the litigation and other strategies ALPA</p> <p>8 failed to employ had at least the potential of</p> <p>9 compelling arbitration, an arbitrated list is a</p> <p>10 outcome; correct?</p> <p>11 A That's correct.</p> <p>12 Q And is that your justification for</p> <p>13 including an arbitrated list in your analysis?</p> <p>14 A Well, there are two justifications.</p> <p>15 One is -- is a point of comparison to other lists,</p> <p>16 in that I assume the parties would have contemplated</p> <p>17 what an arbitrated list would have looked like, and</p> <p>18 they are just as capable as I am going back and</p> <p>19 looking at how arbitrators have merged lists in the</p> <p>20 recent past to the extent that they are similar in</p> <p>21 the current situation. So that's number one.</p> <p>22 And number two is, if an action by ALPA could</p> <p>23 have resulted in the parties agreeing to an</p> <p>24 arbitration as the resolution to the -- to the</p> <p>25 seniority dispute, then the likely outcome of an</p>
<p style="text-align: right;">186</p> <p>1 A Just that some pilots had to be damaged</p> <p>2 and so, therefore, that's material.</p> <p>3 Q You are equating some pilots with a</p> <p>4 material difference?</p> <p>5 A If some pilots had not been damaged,</p> <p>6 the question to the jury I believe was, were TWA</p> <p>7 pilots harmed by ALPA's breach, and the answer was</p> <p>8 yes, so --</p> <p>9 Q Wasn't the question whether some TWA</p> <p>10 pilots were harmed?</p> <p>11 A I cannot remember the exact wording</p> <p>12 right now. Certainly wasn't were all of them.</p> <p>13 Q Did you derive your position that any</p> <p>14 alternative list had to be materially better from</p> <p>15 Supplement CC from the jury verdict?</p> <p>16 A Yes.</p> <p>17 Q And did the jury verdict say anything</p> <p>18 about any breach by ALPA causing a material amount</p> <p>19 of harm?</p> <p>20 A It simply said yes, there had been</p> <p>21 harm.</p> <p>22 Q And you also look at an arbitrated</p> <p>23 list; correct?</p> <p>24 A That's correct.</p> <p>25 Q And that represents your estimate of</p>	<p style="text-align: right;">188</p> <p>1 arbitration is also relevant for that reason. So</p> <p>2 for those two reasons --</p> <p>3 Q Do you have any evidence that the APA</p> <p>4 contemplated what an arbitrated list would have</p> <p>5 looked like?</p> <p>6 A I do not.</p> <p>7 Q And do you have any evidence you can</p> <p>8 point to that suggests that the APA would have been</p> <p>9 prepared to arbitrate seniority integration under</p> <p>10 any circumstances?</p> <p>11 A I do not. Not under the facts as they</p> <p>12 occurred.</p> <p>13 Q And do you have any evidence that the</p> <p>14 APA would have been prepared to agree to arbitration</p> <p>15 of the seniority integration dispute under any set</p> <p>16 of circumstances?</p> <p>17 A I have no direct or indirect evidence</p> <p>18 that they would have agreed, given the specific</p> <p>19 circumstances, no. I simply say that, given</p> <p>20 additional pressure being brought to bear in the</p> <p>21 negotiation, there was nothing that prevented the</p> <p>22 APA from negotiating to decide to arbitrate the list</p> <p>23 as a -- as a resolution for the dispute.</p> <p>24 Q Do you know whether the APA had a</p> <p>25 policy against arbitration of seniority integration?</p>

47 (Pages 185 to 188)

DEGNAN & BATEMAN
(856) 232-7400

RIKK SALAMAT

<p style="text-align: right;">189</p> <p>1 A I'm -- I'm not aware of any such</p> <p>2 policy.</p> <p>3 Q Would it -- would it have affected your</p> <p>4 analysis if the APA had a policy against arbitration</p> <p>5 of seniority integration?</p> <p>6 A Policies change, so probably not. You</p> <p>7 know, parties can always say, well, this is what we</p> <p>8 need to do and so we need to change the policy in</p> <p>9 order to accommodate the situation at hand, so no.</p> <p>10 Q And you are not aware of any instance</p> <p>11 in which the APA has arbitrated a seniority</p> <p>12 integration dispute; correct?</p> <p>13 A I'm not aware of any, no.</p> <p>14 (Salamat-14 Deposition transcript of</p> <p>15 John Darrah marked for identification.)</p> <p>16 BY MR. TOAL:</p> <p>17 Q Mr. Salamat, I'm going to show you a</p> <p>18 document I've marked as Salamat Exhibit-14, which is</p> <p>19 a copy of the deposition of John Darrah.</p> <p>20 Do you know who Mr. Darrah is?</p> <p>21 A I do not.</p> <p>22 Q Mr. Darrah was the president of the APA</p> <p>23 at the time of the TWA acquisition.</p> <p>24 A Okay.</p> <p>25 Q Let me direct your attention to page 48</p>	<p style="text-align: right;">191</p> <p>1 about what they would have done in a circumstance</p> <p>2 that didn't arise.</p> <p>3 So I don't think it would change my opinion at</p> <p>4 all. I mean, I'm going to assume, as I said before,</p> <p>5 that additional pressure being brought to bear on</p> <p>6 the negotiation would have caused the APA to move</p> <p>7 their position in a way that moved towards the TWA.</p> <p>8 So whether that means they would have agreed to an</p> <p>9 arbitration, I can't say. Is it impossible that</p> <p>10 some set of circumstances would have made that a</p> <p>11 preferable outcome to continuing a seniority</p> <p>12 dispute? I can't say. And I don't think this man</p> <p>13 can say either. He can speculate about what would</p> <p>14 have happened in an alternative universe.</p> <p>15 Q And that's exactly what you are doing;</p> <p>16 correct?</p> <p>17 A And that's exactly what I'm doing.</p> <p>18 Q Now, if it could be established that</p> <p>19 the APA would not have agreed to arbitration of</p> <p>20 seniority integration under any circumstances, would</p> <p>21 that have changed your analysis of the top of the</p> <p>22 range for a merged seniority integration list?</p> <p>23 A I'm not sure it would have. I mean, I</p> <p>24 believe that the top end of the range would have to</p> <p>25 be established by some reference to the best</p>
<p style="text-align: right;">190</p> <p>1 of his testimony.</p> <p>2 A I only have 44 pages. Oh, wait.</p> <p>3 Q Using the numbers on the -- on the</p> <p>4 panes.</p> <p>5 A Okay. Page 48.</p> <p>6 Q Okay. Do you see at line 11,</p> <p>7 Mr. Darrah is asked, if ALPA had threatened a</p> <p>8 lawsuit to seek an injunction of the TWA</p> <p>9 acquisition, would that -- would that have made the</p> <p>10 APA more receptive to binding arbitration of</p> <p>11 seniority integration? And there is an objection,</p> <p>12 and the answer is, yeah. There is nothing that</p> <p>13 would have been done by anybody that would have had</p> <p>14 APA agree to binding arbitration. There is no way</p> <p>15 the politics at APA would have gone for that.</p> <p>16 Do you see that?</p> <p>17 A Yes.</p> <p>18 Q And do you have any information to</p> <p>19 dispute that?</p> <p>20 A Well, this is just one man's opinion of</p> <p>21 what he would -- what he would have done in a</p> <p>22 hypothetical circumstance. It doesn't tell me</p> <p>23 anything about what -- what actually would have</p> <p>24 occurred had ALPA undertaken any actions that we are</p> <p>25 talking about. I mean, this is someone speculating</p>	<p style="text-align: right;">192</p> <p>1 possible outcome that came from previous mergers,</p> <p>2 merger agreements, and not -- by that I mean not</p> <p>3 unilateral. And so the best -- the -- the -- an</p> <p>4 arbitrated list most favorable to the APA as any</p> <p>5 that had ever occurred would be a reasonable top end</p> <p>6 of the range. There would be no point agreeing to</p> <p>7 anything better than that because at that point you</p> <p>8 may as well have gone to arbitration. So I believe</p> <p>9 that's a reasonable top end of the range.</p> <p>10 Q Are you aware of any situation in which</p> <p>11 a union in a seniority integration dispute that</p> <p>12 believed itself to have a unilateral right to impose</p> <p>13 a seniority integration list, agreed to arbitration</p> <p>14 of the seniority integration dispute?</p> <p>15 A I'm not -- I'm not aware of a</p> <p>16 comparable situation, no.</p> <p>17 Q Now, you also say in your report at</p> <p>18 page 15, that in addition to the models that you</p> <p>19 present in your report, many more lists were</p> <p>20 considered; correct?</p> <p>21 A That's correct.</p> <p>22 Q And what did those lists look like?</p> <p>23 A They were different variations of -- of</p> <p>24 category groupings. They were different numbers of</p> <p>25 adding and subtracting pilots from the top end, from</p>

48 (Pages 189 to 192)

DEGNAN & BATEMAN
(856) 232-7400